LEadership and ADministrators
Series

September 12, 2012

A Conversation with President Lou Anna K. Simon
Discussion Agenda

Building upon the momentum and real accomplishments associated with *Boldness By Design*

1. Issues Identified by Participants

2. Overview of Strategic Thinking and Outcomes of the Process to Date

3. Group Advice and Reactions
   - Strategy and Process
   - Next Phase of the Framing Document
   - What should be Highlighted in the *Boldness by Design* Five Initiatives?
   - Suggestions for “Big Ideas”

4. Next Steps – Bolder by Design
Organic Change at MSU Over Time

Creating the momentum and the real accomplishments associated with *Boldness by Design*, we have used:

- Directional Truth
- Perpetual White Water
- The “Art of the Possible”
- Intentional and Creative Use of “Tension”
- Connected Strengths
- Real, Evidence-Based Conversations
- “Win-Win” Strategies and “Growing the Pie” Collaboration
- Tipping Points
- Confidence and Risk Taking
- Prideful but Humble
- Brand Strategy
- Entrepreneurial with Public Heart
Organic Change at MSU Over Time

Creating the momentum and the real accomplishments associated with *Boldness by Design*, we have used:

- “Win-Win” Strategies and “Growing the Pie”

  Collaboration
  - In a rapidly changing environment: No one has as much power as other people think and no one has as little power as they think
  - Collaborating across like- and different-minds and interests to grow “the size of the pie”
    - Critical role of cross-unit and partner collaboration
  - Building trust and shared benefits
  - Using the “power of” to strengthen our whole as well as our individual people, programs, and services
Organic Change at MSU Over Time

“Win-Win” Strategies, continued

Using the Power of:

- Understanding not just what you want but what others want
- Ideas and networks
- Communication up, down, and laterally
- Context; and the magnification of power when there is a shared understanding of context
- Creating synergies
- Investment in stewardship with different time horizons
- Constructing/initiating joint “games”
- Simultaneously multi-tasking and breaking down journey into manageable “chunks”
- Iterative process that is not necessarily incremental or linear
- Ability to redefine problems so that they have solutions
Long-Term Financial Framework

• On-going analysis and strategy for addressing long-term needs of the campus

• Currently, 8 categories within the framework
  • Academic Quality
  • Administrative Computing
  • Energy/Regulatory
  • Financial Aid
  • FRIB
  • Health Care
  • Just-in Time Facilities Renewal
  • Critical Space Initiatives

• Framework routinely reviewed and augmented as priorities dictate
# Financial Framework

<table>
<thead>
<tr>
<th>Item</th>
<th>Current 10 Yr. Need</th>
<th>Unfunded</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>JIT</td>
<td>$376 (NR)</td>
<td>$0 (NR)</td>
<td>Needs and availability of projected investment income remain balanced over ten years</td>
</tr>
<tr>
<td>Administrative Computing-Implementation</td>
<td>$104.5 (NR)</td>
<td>$0 (NR)</td>
<td>Project went live in January 2011, completed</td>
</tr>
<tr>
<td>Finance/HR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Computing-Augmentation</td>
<td>$18M (NR)</td>
<td>$0 (NR)</td>
<td>Funding identified, project enters augmentation phase July 1, 2011</td>
</tr>
<tr>
<td>(FY12 and FY13)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBS Operations</td>
<td>$9.7 (R) (Implementation)</td>
<td>$0(R) (Augmentation)</td>
<td>Funded</td>
</tr>
<tr>
<td></td>
<td>$3.2M (R) (Implementation)</td>
<td>$0(R) (Augmentation)</td>
<td></td>
</tr>
</tbody>
</table>
# Financial Framework

<table>
<thead>
<tr>
<th>Item</th>
<th>Current 10 Yr. Need</th>
<th>Unfunded</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Computing-Research Administration</td>
<td>$20M (NR)</td>
<td>$0 (NR)</td>
<td>Preliminary Stage Projected cost unchanged</td>
</tr>
<tr>
<td></td>
<td>$0.7M (R)</td>
<td>$0(R)</td>
<td></td>
</tr>
<tr>
<td>Student Information</td>
<td>$68.4M (NR)</td>
<td>$68.4M (NR)</td>
<td>No change, evaluation stage only</td>
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<tr>
<td></td>
<td>$7.5M (R)</td>
<td>$7.5M (R)</td>
<td></td>
</tr>
<tr>
<td>Specialized Research Space</td>
<td>$13.2M (R)</td>
<td>$4.4M (R)</td>
<td>Approximately $13.2M in critical needs identified. $8.8M funded through 12-13. Future increments under consideration</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>$35M (R)</td>
<td>$17M (R)</td>
<td>Continued need for augmented budgets. Funding from a combination of donor supported scholarships and general fund increments. Monitor Pell availability</td>
</tr>
</tbody>
</table>
# Financial Framework

<table>
<thead>
<tr>
<th>Item</th>
<th>Current 10 Yr Need</th>
<th>Projected Next Steps</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>$141 (R)</td>
<td>$29 (R)</td>
<td>10% reduction negotiated for 2010-11, increases through FY14 capped at 5% and funded through general fund allocation. Discontinued funded post-retirement health care benefits for new hires</td>
</tr>
<tr>
<td>FRIB</td>
<td>$94.5M (NR)</td>
<td>$94.5M (NR)</td>
<td>State Commitment</td>
</tr>
<tr>
<td>Quality Academic, Research &amp; Outreach</td>
<td>$32.0M (R)</td>
<td>$32.0M (R)</td>
<td>Provides funding to enhance the undergraduate &amp; graduate student experience. Initiation/scope determined by resource availability</td>
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<tr>
<td>Energy/Other Regulatory</td>
<td>N.A.</td>
<td>N.A.</td>
<td>Campus capacity needs, commodities prices and conservation efforts under review</td>
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</table>
MSU Financial Framework
Composite Financial Framework Need

$300.0
$250.0
$200.0
$150.0
$100.0
$50.0
$0.0

Full Framework Need
Full Framework Funding

FY13
FY14
FY15
FY16
FY17
FY18
FY19
FY20
FY21
FY22
## Budget Overview

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>2011-12</th>
<th>Preliminary 2012-13</th>
<th>2012-13</th>
<th>2013-14 Preliminary</th>
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<tr>
<td>State Appropriations</td>
<td>-15%</td>
<td>0%</td>
<td>1.4%</td>
<td>0%</td>
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<tr>
<td>Tuition &amp; Fees</td>
<td>6.9%</td>
<td>5.0%</td>
<td>Res UG 3.5%</td>
<td>4.0%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Other 5.0%</td>
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<tr>
<td>Financial Aid</td>
<td>10%</td>
<td>5.5%</td>
<td>6.5%*</td>
<td>4.5%</td>
</tr>
<tr>
<td>Graduate Assistants</td>
<td>0%</td>
<td>3.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Faculty Salaries</td>
<td>2.0%**</td>
<td>2.0% **</td>
<td>2.0%***</td>
<td>2.0%**</td>
</tr>
<tr>
<td>Utilities</td>
<td>5.0%</td>
<td>8.0%</td>
<td>4.0%</td>
<td>4.0%</td>
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<tr>
<td>Health Care</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

Preliminary 2012-13 budget approved by the BOT in June, 2011
Current 2012-13 planning -- Appropriations and resident undergraduate tuition based upon Governor’s recommendation, utilities reduced by 2.1M, entering class assumed at 7,650
*Includes funds committed in prior years
**Includes 1.5% general merit, 0.5% college market, and 0.5% provost market pool
***Includes 1.5% general merit, 0.5% college market, plus 1.0% provost market pool
Organic Change at MSU Over Time

Creating the momentum and the real accomplishments associated with *Boldness by Design*, we have used:

- Transparent Strategic Vision Plans
  - Campus Master Plan
  - Campus Sustainability Plan
  - Campus Energy Plan
  - Campus Water Plan
  - Campus Just-In-Time Plan
  - Housing and Residence Life Master Plan
  - Administrative Computing Plan
  - Neighborhood/Active Learning Planning
  - International Strategic Planning
Organic Change at MSU Over Time

Creating the momentum and the real accomplishments associated with *Boldness by Design*, we have:

- **Aligned Our Broad Visionary Goals with Collective Commitments and Investments**
  - Bold goals that stretched us in the context of our vision
  - Connected strengths to take bold and calculated risks
  - Gained distinction and stature driven by momentum, innovation, and collective energy
Bolder by Design:
Our journey continues....

- Consultation Outcomes
  - Vision/values
  - Sustain key elements of *Boldness by Design*
  - Keep *Boldness by Design* metrics
  - Refresh high profile items under the Five Initiatives
  - Keep blend of U-level and grassroots initiatives
Consultation Outcomes, continued

Bolder by Design:
Our journey continues....

• Issues and Gaps
  • Technology
    • EBS/aftermath
    • Teaching and Learning/lagging
  • Health Care
  • Enrollment Management (size and composition)
  • Visibility of Graduate Education
  • Recognition that other-imposed as well as self-imposed accountability is a way of life
• Communication
• How to be more responsive, agile, and urgent
Consultation Outcomes, continued

Bolder by Design:
Our journey continues....

• Major areas needing attention and action
  • Better clarity about new funding realities and critical issues facing the University
  • Better clarity about team approaches to meeting obligations and aspirations across the mission; integrated approach to teaching/learning, research/creative activities, and outreach-engagement
  • Better clarity about how MSU will be the exemplary interdisciplinary/integrated university
  • Better clarity about how overall Research Thrusts were identified and the relationship to departmental and cross-unit planning
  • Better clarity of how to assess value and impact -- including student learning
  • Better clarity about how to grow research AND keep student focus
  • Better understanding of how the Capital Campaign objectives mesh with academic priorities
Risks

- Global Economy/Continued Market Volatility
- Federal Health Care Reform/Affordable Care Act
- Potential for Constrained Federal Support/Sequestration
- State Appropriations
- Traditional Disaster Recovery Issues such as:
  - Flood (e.g., University of Iowa)
  - Avian Flu
The Enterprise Business System (EBS)
Enterprise Business Systems

- Kuali Financial System
- SAP Human Resources
- Electronic Data Warehouse
- IBM Cognos Reporting, Analysis
Stages of EBS

Stage 1: **Implementation**
- Finance
- Human Resources
- Training

Stage 2: **Augmentation**
- User feedback
- Additional functionality and improved performance
- Expanded training
- Data access
- Administrative process improvement

Stage 3: **Operations**
- Continued system improvement
- Build analytical expertise to leverage information for decision making
EBS Deliverables

**Finance**
- Over 100,000 financial transactions, valued at over $2 billion, completed
- Successful preparation of audited financial statement

**Human Resources**
- More than 95,000 HR transactions completed
- Performance and usability need improvement

**Data Access**
- Database and standard reports available
- Easier access and usability in process

**Training**
- Over 2,500 attended 30,000 classes, workshops, and webinars
- Over 400 attended Fundamentals of Accounting in EBS
## Adapting to EBS

<table>
<thead>
<tr>
<th>Issue</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. New system look and feel:</td>
<td>Training and experience</td>
</tr>
<tr>
<td>2. Slow Performance:</td>
<td>Additional hardware</td>
</tr>
<tr>
<td></td>
<td>Software changes</td>
</tr>
<tr>
<td>3. Workflow:</td>
<td>Change and reduce approvers</td>
</tr>
<tr>
<td></td>
<td>E-mail notifications</td>
</tr>
<tr>
<td>4. Complicated administrative processes:</td>
<td>Process improvement</td>
</tr>
<tr>
<td>5. Data access and use:</td>
<td>Data warehouse enhancements</td>
</tr>
<tr>
<td></td>
<td>New query tools</td>
</tr>
<tr>
<td></td>
<td>Expanded training</td>
</tr>
</tbody>
</table>
Improvements in EBS Operations

Manual Processing of HR Transactions Reduced

- Before EBS: 95,000 paper transactions 100%
- 2011: 31,000 paper transactions 33%
- September 2012: 11,000 paper transactions Now 12%

Error Rates for HR Improving

- Before EBS: No records n/a
- 2011: Missing data, incorrect data 80%
- September 2012: Automation and knowledge Now 15%

Manual Processing of Financial Transactions Eliminated and Error Rates Low

- Before: 270,000 paper transactions 100%
- 2005: Electronic JV process 235,000 transactions 13%
- 2011: No paper transactions Now 0%
- 2012: Error rates getting better throughout year Now 8%
Additional Training Approaches

• Accounting Fundamentals in EBS

• Financial Administrator Development Program

• Process Map Sessions
Your Feedback and Comments are Helpful

E-mail:  HaasMark@msu.edu

Phone:  517-355-5014
Enrollment Management
Resident First-Time Enrollment

- MSU Resident Entering Class & Resident Transfers
- MSU Resident Entering Class
- 5% of MI High School Graduates*

Projected Values
Big Ten Entering Undergraduate Enrollment by Residency

Big Ten average: 65% resident

IPEDS fall 2010 reporting
Enrollment Highlights

• 2012-13 enrollment anticipated at 48,800, plus or minus 100 students
• Represents a 1.7 percent increase over prior year’s total of 47,954
• Enrollment figures preliminary at this time, official counts available September 24, 2012

• Strong demand for MSU: Over 30,300, first time class approximates 8,100
• First time class consistent with broader state trends
• Student Preparation Improving: GPA and average ACT scores represent slight improvement over previous year

• Michigan first: 75 percent of the 9,650 entering and transfer students from Michigan
  • 80 percent of total undergraduate enrollment of 37,450 are Michigan residents
Enrollment Highlights

• MSU’s resident entering class and transfers: 7,279
  • Accounts for 7.4% of state high school graduations
  • Represents 20.3% of high school graduates with ACT scores in MSU’s primary range

• Diversity: Entering class includes 1,355 students of color, 20 percent of the total domestic entering class
  • 7,900 total students of color, approximately 18.7 percent of the total domestic student body

• Total graduate and graduate professional enrollment: 11,350
  • 1,795 new master’s and doctoral students
  • 620 new graduate professional students
Bolder by Design:
Our journey continues....

• The Next Big Ideas (e.g., FRIB-like)

What are the BIG ideas that will be our hallmarks as Michigan State University leads the transformation of land-grant knowledge to world-grant action by connecting talent with ideas to produce innovation that advances the common good?
Thank You
Background
Financial Framework
Just-in Time
(Cumulative Presentation)

- Resources focused on maintaining existing facilities
- Annual requirement varies from $16.2M to $69.7M
- Funding may need augmentation to keep projects on schedule
- Over the decade, forecasted resources cover anticipated JIT requirements at $376M
Projected Just In Time Needs and Funding

Assumptions

• Assumes returns for investment income at 8% annually
• In addition to JIT purposes, funds utilized for planned annual contribution to the general fund budget, restoration of the Income Stabilization Fund and the Infrastructure Reserve

Outcomes

• Eliminates accumulated JIT liability over ten years

<table>
<thead>
<tr>
<th>Projected JIT Need</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net JIT Need</td>
<td>$28.50</td>
<td>$60.56</td>
<td>$42.52</td>
<td>$35.67</td>
<td>$31.01</td>
<td>$24.21</td>
<td>$32.49</td>
<td>$21.72</td>
<td>$6.61</td>
<td>$9.38</td>
</tr>
<tr>
<td>JIT Allocation from Reserves</td>
<td>$12.20</td>
<td>$37.10</td>
<td>$33.00</td>
<td>$37.50</td>
<td>$34.20</td>
<td>$38.80</td>
<td>$41.50</td>
<td>$38.20</td>
<td>$10.81</td>
<td>$9.38</td>
</tr>
<tr>
<td>JIT Residual</td>
<td>-$16.30</td>
<td>-$23.46</td>
<td>-$9.52</td>
<td>$1.83</td>
<td>$3.19</td>
<td>$14.59</td>
<td>$9.01</td>
<td>$16.48</td>
<td>$4.20</td>
<td>$0.00</td>
</tr>
<tr>
<td>Cumulative Unfunded JIT</td>
<td>-$16.30</td>
<td>-$39.76</td>
<td>-$49.29</td>
<td>-$47.45</td>
<td>-$44.27</td>
<td>-$29.68</td>
<td>-$20.67</td>
<td>-$4.19</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Administrative Computing

• Funding and expenditures associated with the ongoing computing projects—includes EBSP, EBSP Augmentation, Research Administration and SIS
• Annual requirement varies from $13.8M to $27.5M
• EBS, EBS Augmentation, and Kuali Coeus projects previously approved, SIS planning continues and unfunded amounts represent SIS project estimates
Specialized Space

- This item represents a 30 year debt payment on bond proceeds dedicated to new specialized research space, $13.2M annually
- Bonded principal of roughly $220M dedicated to build between 370K and 510K sq/ft depending on use
Specialized Space

• To date, funds committed to the Morrill Hall replacement and the Plant and Soil Science addition

• Additional funds yet to be committed as a result of delayed appropriation of State capital outlay funds

• Additional project possibilities discussed with BOT include:
  Chittenden Hall, additional classroom space, biomedical engineering lab space, IM facilities, student services, and high-return energy conservation projects
Financial Aid

• Represents improvement to financial aid above the annual tuition increase
• Preserves access for low-income families and other target areas
• Need builds to $17M annually from donor support based upon packaging at other Big Ten institutions
• Offsets State of Michigan withdrawal from financial aid programming
Health Care

- MSU cost increases below a blended national index 7 of the last ten years
- Cost increases limited to 5 percent for the institution through 2013-14
- Funded through general fund allocation
FRIB

- FRIB cost share provides $94.5M to the project – Currently $2.3M in state GFGP budget to pay debt service related to cost share. Proposing that state directly fund community cost share
- MSU commitments are: $4.5M re-accelerator, $11.5M initial office and related construction, $6.3M utility extension (awaiting completion of plans and review), and $14.0M in additional office and site work *

*Additional costs of the second office facility attributable to steam and utility distribution systems for the complex and related reconfiguration of lower-level space; a bridge between the two structures is also proposed at $0.5M, to be funded by the Lab
Note: In addition to the amounts referenced, the Cyclotron is seeking approval to plan for a Highbay addition, estimated at $5M. Debt funding to be serviced by various lab sources
Academic Quality

Preliminary Planning

• Investment of approximately $35M to invigorate the MSU student experience: engagement with the world’s best research faculty, working on the world’s most important problems, taking fuller advantage of MSU’s global reach
  • International experience opportunity provided to every undergraduate student
  • Expand undergraduate research opportunities; strengthened connections among undergraduate students, graduate students and faculty
Academic Quality

Preliminary Planning

- Imagine campus transformation across every classroom, residence hall, small group discussion and cultural event if EVERY student had the experience of studying in another country and culture

- At MSU, every undergraduate student studies abroad

- MSU believes international experiences is integral to education and prepares students to deal with complexity, diversity and change

- As a part of general education, every student steps away from campus to gain a broader knowledge of the wider world

- MSU integrative studies seek to develop skills of integrated learning -- discovered through the connections across disciplines and sub-disciplines

- MSU’s integrative studies already recognized nationally as an educational innovation
While various approaches have been used to deliver the curriculum, none has more promise than the potential offered by a study abroad experience.

Study abroad expands available learning resources, stimulates the imagination, offers diverse perspectives, challenges assumptions, and fosters a social, emotional, and intellectual tension that facilitates liberal learning.

MSU is a national leader in study abroad with students continuing to report on the “life changing” qualities of the experience, however costs, programmatic “fit” and “timing” prevent many students from participating.

Merging study abroad and integrative studies creates a model different than every other higher education institution in the country.
Energy/Other Regulatory Issues

• New power generation capacity anticipated as early as 2023. Conservation efforts may extend adequacy of current capacity allowing for more favorable technology and economics. Early cost projections indicate approximately $100M (based on current regulations) for this expansion

• Regulatory issues
• Cost of coal
• Cost of alternative fuels and technologies
• Conservation – Be Spartan Green
• Assuring efficient use of space
• Building recommissioning
• Mix of alternate fuel sources
Energy/Other Regulatory Issues

Steam Projection

Will exceed steam capacity at 2023, based on historical

Fiscal Year

Electric (1,000 Kilowatts)  Steam (100,000 #/hour)
Energy/Other Regulatory Issues
## MSU Financial Framework

### Composite Financial Framework Need

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Quality</td>
<td>$8.0</td>
<td>$16.0</td>
<td>$24.0</td>
<td>$32.0</td>
<td>$32.0</td>
<td>$32.0</td>
<td>$32.0</td>
<td>$32.0</td>
<td>$32.0</td>
<td>$32.0</td>
<td>$240.0</td>
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<tr>
<td>Allocation (yearly budget)</td>
<td>$0.0</td>
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<td>$0.0</td>
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<tr>
<td>Residual</td>
<td>($8.0)</td>
<td>($16.0)</td>
<td>($24.0)</td>
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<td>($240.0)</td>
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<tr>
<td>Just-in-Time Needs</td>
<td>$38.2</td>
<td>$69.7</td>
<td>$51.7</td>
<td>$44.9</td>
<td>$40.3</td>
<td>$33.6</td>
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<td>$31.2</td>
<td>$16.2</td>
<td>$19.0</td>
<td>$386.5</td>
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<td>Funding Available</td>
<td>$21.9</td>
<td>$46.2</td>
<td>$42.2</td>
<td>$44.9</td>
<td>$40.3</td>
<td>$33.6</td>
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<td>$31.2</td>
<td>$16.2</td>
<td>$19.0</td>
<td>$337.3</td>
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<tr>
<td>Residual</td>
<td>($16.3)</td>
<td>($23.5)</td>
<td>($9.5)</td>
<td>$0.0</td>
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<td>$3.9</td>
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<td>$2.1</td>
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</table>

MSU anticipates the need for new energy generation capacity as early as 2023. Conservation efforts may extend adequacy of current capacity allowing for more favorable technology and economics. Early cost projections approximate $100M.
Preliminary FY13 Enrollment Overview
Enrollment Context

• MSU enrollment information preliminary at this time, formal count taken at quarter of semester – September 24, 2012

• Rolling undergraduate process begins each fall for subsequent year admission

• Graduate admission determined at college and department level, coordinated by Graduate School

• Environmental – policy considerations include:
  • Declining number of MI high school graduates
  • Proportion of graduates meeting admissions requirements
  • Reflection of state population
  • Mix of non-resident and international students
### Course Capacity /Course Enrollment

<table>
<thead>
<tr>
<th></th>
<th>Fall 2006</th>
<th>Fall 2007</th>
<th>Fall 2008</th>
<th>Fall 2009</th>
<th>Fall 2010</th>
<th>Fall 2011</th>
<th>Fall 2012</th>
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<tr>
<td>Useable Capacity</td>
<td>184,745</td>
<td>188,821</td>
<td>189,594</td>
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<td>181,332</td>
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<td>Enrollment</td>
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<td>168,411</td>
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<tr>
<td>Utilization</td>
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<td>88%</td>
<td>88%</td>
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</table>
# Residence Halls

<table>
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<th>Fall 2007</th>
<th>Fall 2008</th>
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<th>Fall 2010</th>
<th>Fall 2011</th>
<th>Fall 2012</th>
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<tbody>
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<td>Residence Hall Opening Week Count</td>
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<td>14,991</td>
<td>14,450</td>
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<td>Transitional Rooms¹</td>
<td>11</td>
<td>89</td>
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<td>8</td>
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<td>314</td>
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<tr>
<td>Singles in Residence Halls³</td>
<td>2,252</td>
<td>2,240</td>
<td>1,902</td>
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<td>1,849</td>
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<td>Apts Rented as of Opening Week²</td>
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<td>1,458</td>
<td>1,299</td>
<td>1,023</td>
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</table>

¹Rooms have an additional student compared with typical occupancy.

²Apartments include Spartan Village, Cherry Lane and Faculty Bricks. The elimination of Cherry Lane and Faculty Bricks removed 476 apartments in 2011. The 76 University Village apartments are not included here.

³A planned reduction in the number of single rooms and improved communication with students in advance of opening week improved the room capacity utilization from 95% to 97% in Fall 2012 over the prior year.
FY13 Budget Overview
Inclusive Budget Process

• Engagement of campus stakeholder groups
  • Board of Trustees
  • Academic governance
  • ASMSU
  • COGS
  • University administrators
  • Collective bargaining groups
  • RHA

• Refines multi-year planning focused on improving the value proposition for stakeholders
More Than Three Quarters of MSU Revenue Internally Generated

Tuition and Fees: $725.9M (69.1%)
The 2011-12 academic year costs $12,203 for entering Michigan lower division undergraduates and $31,148 for entering nonresident lower division undergraduates.

State Appropriations: $241.1M (23.0%)

Other University Funds: $83.3M (7.9%)
Includes indirect cost recovery, investment income, and other revenues.

Total 2011-12 Budgeted Revenues: $1,050,300,000
More Than Two Thirds of Expenses Dedicated to Compensation

SUPPLIES, SERVICES, & EQUIPMENT
$338.0M (32.2%) Includes funding for operating and maintenance, technology, and financial aid

LABOR $35.5M (3.4%) Includes costs for regular labor employees as well as student employees

SALARIES $676.8M (64.4%) Includes faculty and academic staff, support staff, graduate assistants, and associated fringe benefits

TOTAL 2011-12 BUDGETED EXPENDITURES: $1,050,300,000
Three Quarters of MSU Expenses Dedicated to Line Functions

Line functions total 76%

TOTAL 2011-12 BUDGETED EXPENDITURES: $1,050,300,000
MSU Budget Overview

Build Value

• Build upon status as one of the world’s top 100 universities, serving Michigan first
• Sustain land-grant commitment – preserve access for talented students, prepare students to be part of a highly talented work force and provide cutting edge research and outreach, - the key drivers for 21st century prosperity
• Fulfill obligations of a responsible long-term steward of MSU’s people, programs and facilities
• Value proposition rests on assurance of high-quality programs with accessibility to qualified students and Michigan Stakeholders
Access

• Financial aid budgets up 68% over most recent 5 years with over $103M currently allocated
  • Additional 6.5% proposed for 2012-13

• 25% more high-need students when compared to 5 year average

• Fewer than half of undergraduates leave MSU in debt
  • 17 percentage points better than national average
  • Participants in student loan programs leave MSU with approximately $2,000 less debt than national peers
  • MSU borrower default rate approximately 3.0%, approximately 66% better than the national average
Preserving Access Across Income Levels

Distribution of MSU Family Income Among Financial Aid Filers

Families with incomes > $200,000 omitted for purposes of this analysis. Distribution represented in inflation adjusted 2011 dollars.
Stewardship

• Core budget change averages 2.2% over 5 years, better than the Higher Education Price Index (HEPI) average of 2.44% over a similar period

• Additional revenue growth includes:
  • Enrollment growth
  • Targeted off-campus and virtual academic program expansion
  • Indirect cost revenue increases related to research growth
  • Increased investment in institutional financial aid
Stewardship

- Consistently ranked near the top of the Big Ten for expenses dedicated to the mission-critical areas of instruction, research, and public service.

- Leads Big Ten in efficiency measures:
  - Total employee-to-student ratio
  - Energy cost and consumption per square foot
  - Landscape and facility maintenance area per employee
Over 3 years, MSU has implemented over $110M in reductions and cost-containment efforts.

- Health Care Savings: $28.0M
- Forgone Wage Increases: $32.0M
- Reductions: $51.3M
# Big Ten Tuition and Appropriations

<table>
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<th>University</th>
<th>Tuition &amp; Operating Appropriations per Student</th>
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<td>University of Illinois Urbana-Champaign</td>
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Source: IPEDS 2008-09 Data