

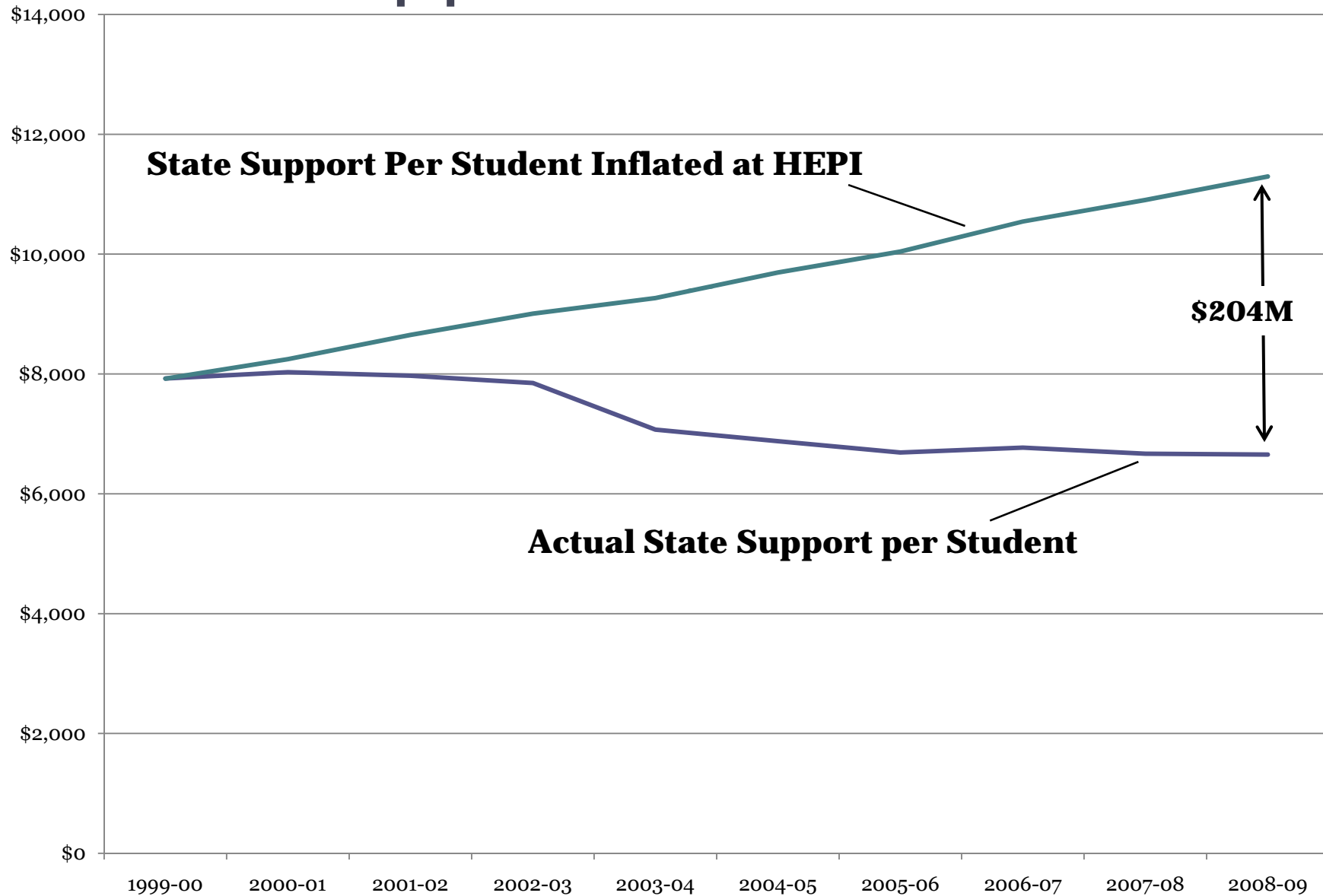
# Budget Development Guidelines

06/19/2009

# 2009-10 and 2010-11 MSU Budget Planning

- Preserving quality and momentum in difficult times
- Land-grant commitment to opportunity
- Best value for students and stakeholders
- Michigan's best investment for economic recovery and long-term sustainability
- Unprecedented and extremely difficult economic pressure that will extend through at least FY15

# State Support Per MSU Student



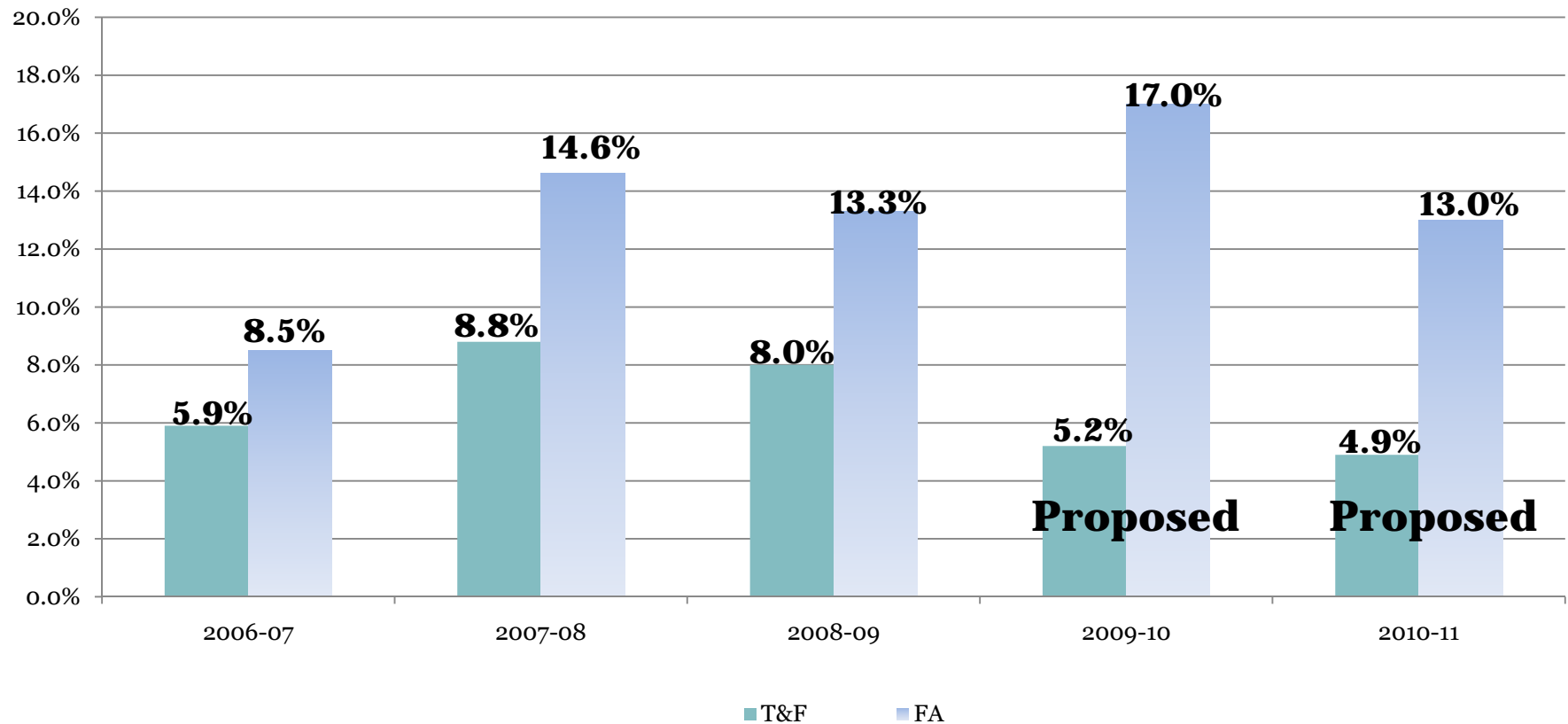
# Appropriation History

- If increased at the average national rate for ten years, MSU would have an additional \$132M in state support, sufficient to reduce tuition by approximately 26%
- If increased at the average rate of change for Big Ten states, MSU would have an additional \$72M in state support, sufficient to reduce tuition by approximately 14%
- If increased at the average rate of change for Mississippi, MSU would have an additional \$116M in state support, sufficient to reduce tuition by 23%
- If increased at the average rate of change for the “M” states, MSU would have an additional \$116M in state support, sufficient to reduce tuition by 18%
- If increased at the average rate of change for Michigan’s Department of Corrections, MSU would have an additional \$120M in state support, sufficient to reduce tuition by 24%

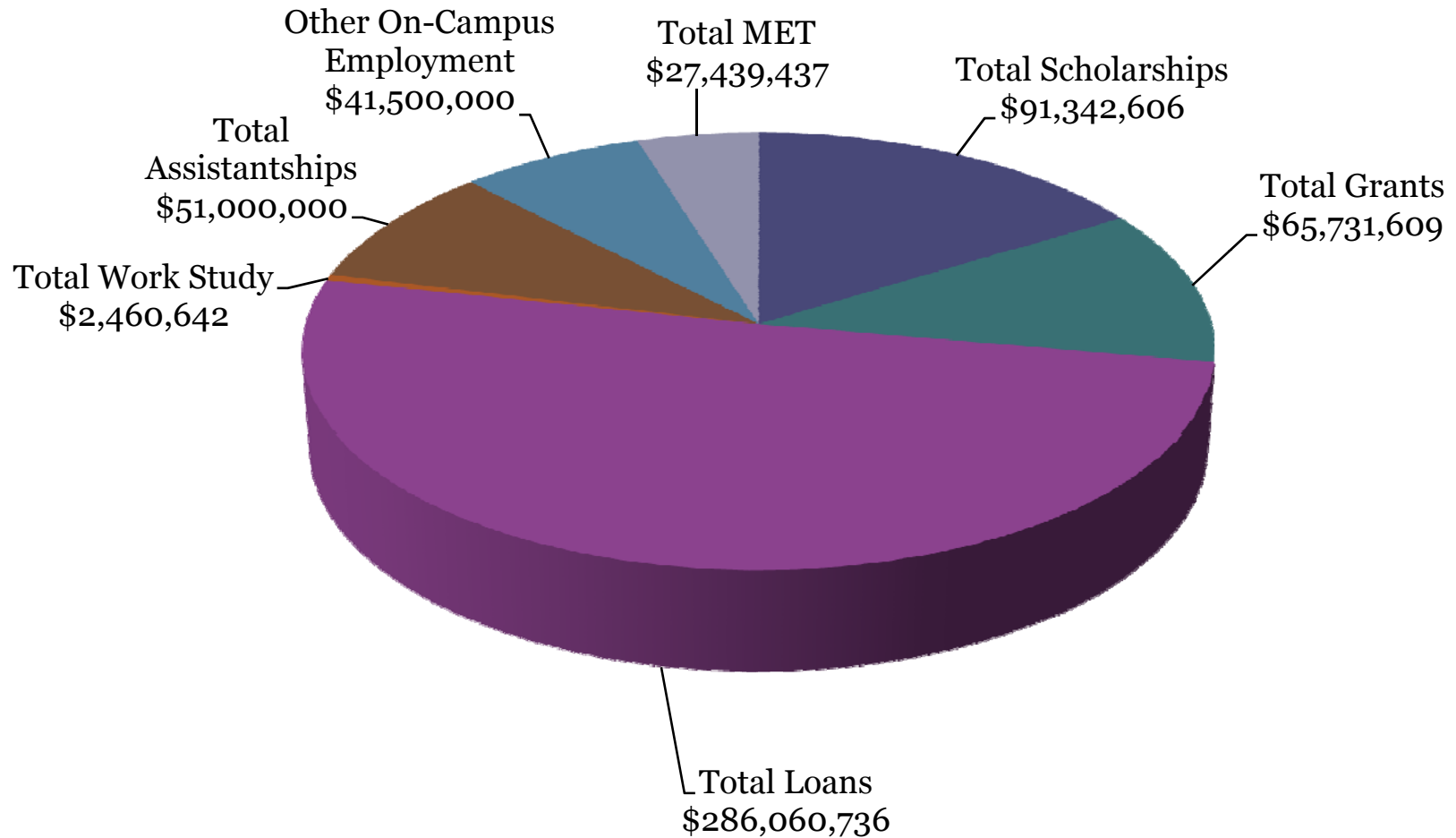
# Big Ten Dollars Per Student Appropriations and Tuition & Fees

	<b>Total- T&amp;F and Approp per Student</b>	<b>Rank</b>
U of M	\$22,743	1
Minn	\$18,917	2
OSU	\$18,246	3
Iowa	\$17,603	4
Purdue	\$16,078	5
Wisc	\$15,495	6
Indiana	\$15,487	7
Illinois	\$15,271	8
<b>MSU</b>	<b>\$14,585</b>	<b>9</b>

# Tuition & Fees and Financial Aid

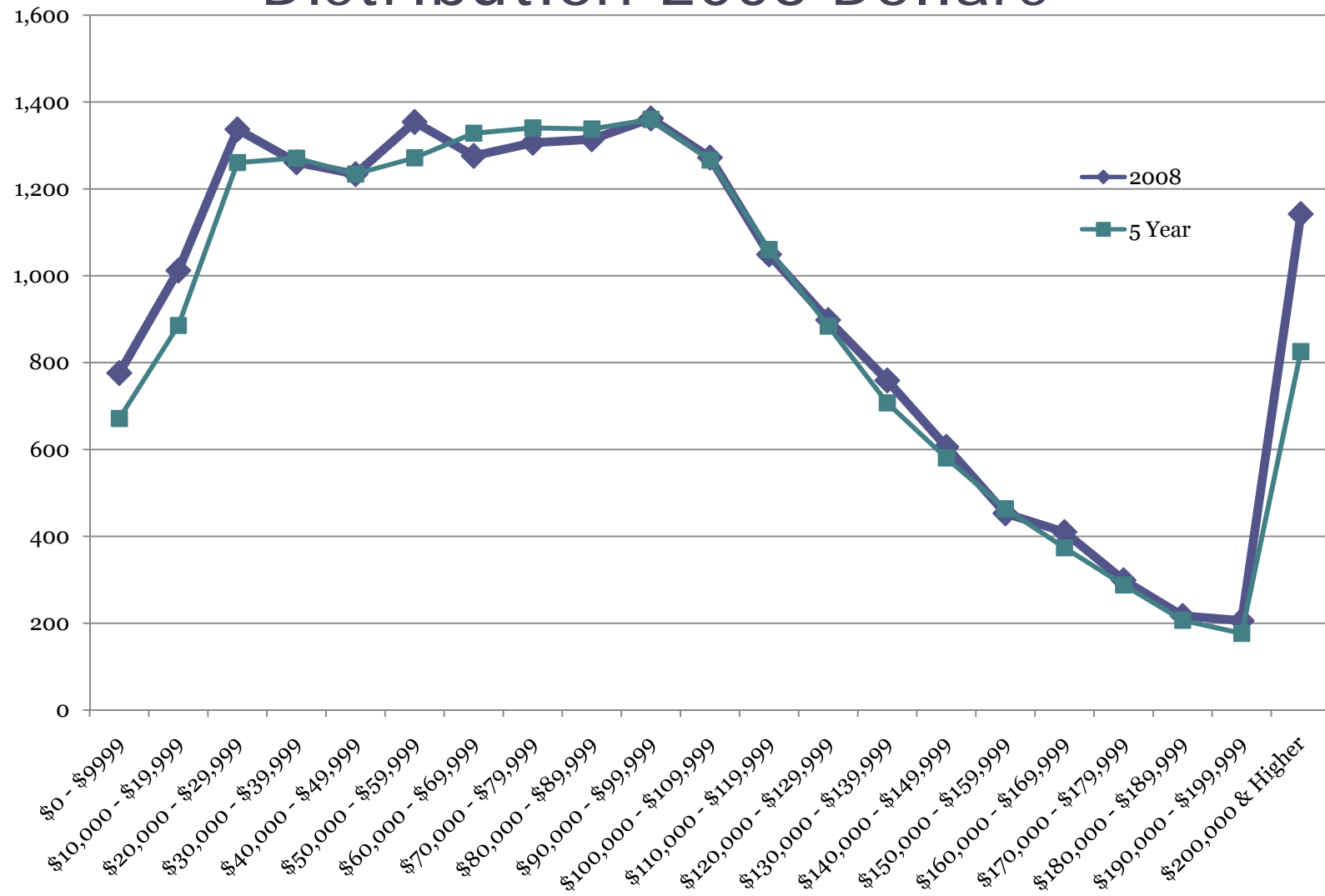


# MSU Total Student Assistance

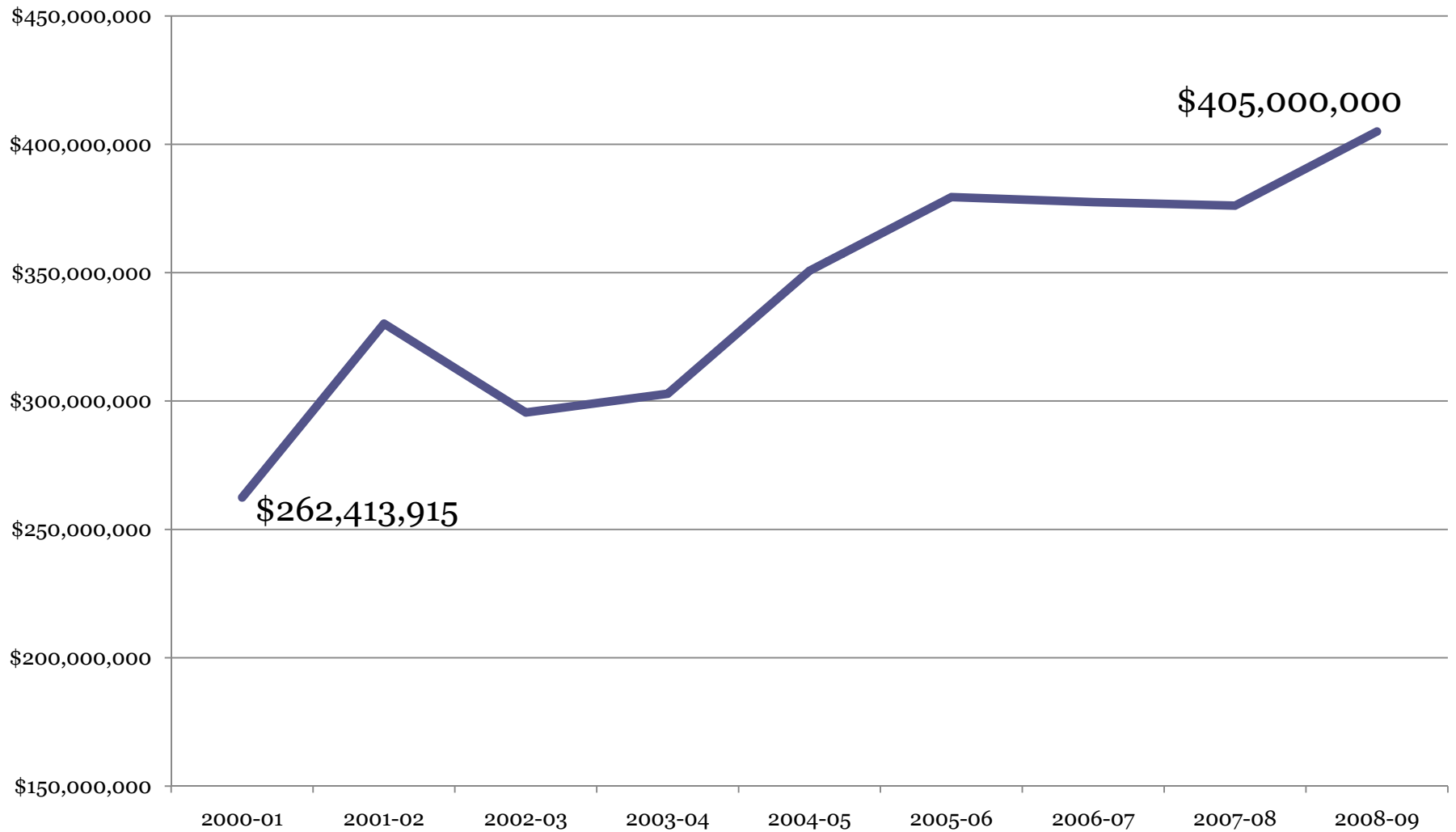


**Total Assistance: \$560M**

# Dependent Student Family Income Distribution-2008 Dollars



# Grant History



Total grants received. 2008-09 based on CGA estimate

# Historical Budget Information

- Over the last nine years, MSU has enacted \$73.9M in budget reductions
  - An additional \$35M resulting from reallocations over the same period
- Over the next two years, \$50M is proposed for reductions
  - Approximately \$10M from additional reallocations over the same period

# Compensation Comparisons

- MSU ranks 9<sup>th</sup> in average faculty salary in the Big Ten, but ranks 5<sup>th</sup> in total compensation
- MSU ranks in the middle of the Big Ten for net compensation including health care for Graduate Assistants
- University support staff is generally reflected at, or above, local markets for salaries and total compensation

# MSU Appropriations

	<u>Governor</u>	<u>House</u>	<u>Senate</u>
<u>Main Campus</u>			
Recurring	<b>-3 Percent</b>	<b>-3 Percent</b>	<b>-3 Percent</b>

# MSU Appropriations

## Experiment Station and Extension

Recurring  
Stimulus

**-50 Percent**  
**-0-**

**2.5 Percent**  
**\$2.0M**

**-44 Percent**  
**\$27.8M**

# State of Michigan Financial Aid Budgets

	<u>FY 2008-09</u>	<u>FY 2009-10</u> Governor's Executive Budget	<u>FY 2009-10</u> House	<u>FY 2009-10</u> Senate
<b>MI Promise</b>	\$80,500,000	\$140,000,000	\$140,000,000	\$0
<b>MI Tuition Grant</b>	\$56,668,100	\$0	\$56,668,100	\$31,664,700
<b>MCS</b>	\$35,530,500	\$0	\$35,530,500	\$16,300,000
<b>Work Study</b>	\$7,326,300	\$0	\$7,326,300	\$0
<b>APTG</b>	\$2,653,300	\$0	\$2,653,300	\$0
<b>MEOG</b>	\$2,084,200	\$0	\$2,084,200	\$0
<b>College Access Grants</b>	\$0	\$89,760,100	\$0	\$0
<b>MNS</b>	\$4,250,000	\$0	\$4,250,000	\$200,000
<b>Merit Award</b>	\$5,200,000	\$100	\$100	\$100
<b>TIP</b>	\$25,200,000	\$31,200,000	\$31,200,000	\$31,200,000
<b>CVTG</b>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000

# Possible Stimulus Allocations to MSU General Fund

<u>Main Campus</u>	<u>Governor</u>	<u>House</u>	<u>Senate</u>
Stimulus	<b>\$79M</b>	<b>\$8.8M</b>	<b>\$7.9M</b>
Proposed Tuition		<b>5.20%</b>	<b>5.20%</b>
Possible Tuition Offset		<b>-2.70%</b>	<b>-2.40%</b>
Net Increase		<b>2.50%</b>	<b>2.80%</b>

# Budget Planning Strategies

## **Budget Planning Strategies**

- Academic strategies
- Management/financial strategies
- Human resource strategies
- Business system strategies
- Facilities, technology and other capital strategies

## **In each category, we are looking for opportunities to:**

- Pursue innovation and quality
- Restructure for efficiency and effectiveness
- Maintain high priority services
- Reduce cost
- Improve productivity and service
- Generate additional revenue

# Key Points -- Guidelines for Two Years

- 30 percent increase in financial aid
  - (17 percent in FY10 and 13 percent in FY11)
- 10.1 percent tuition increase for resident undergraduates based on estimated appropriation support
  - (5.2 percent in FY10 and 4.9 percent in FY11)
- 10 percent cuts-(\$50M over two years)
  - Positions constitute 87% of the planned reductions
  - Anticipate 590 position affected
    - 45% positions held open in anticipation of these reductions
    - 36% non-reappointed fixed term employees
    - 19% layoffs
- Reduced investment income
- 1 percent annual efficiency factor continues
  - (\$10M reallocation over two years)

## Key Points -- Guidelines for Two Years

- Keep multi-year commitment to financial framework  
(Critical space needs, Financial Info-HR, Advancement)
- 2 percent faculty and academic staff salary adjustment  
(VPs, Deans and many others contributing raise to financial aid)

# Preserving Value In Difficult Times

MSU has added significant value for stakeholders and must now preserve and, where possible, build upon that value even in these most uncertain challenging times

- Best prepared entering class of the last ten years
- Awarded the FRIB project by the DOE
- Student faculty ratio improved to 16:1
- Boldness by Design elements closely linked to emerging national priorities
- Emerging research areas positioned for growth
- IBM selects MSU as location for new initiative