

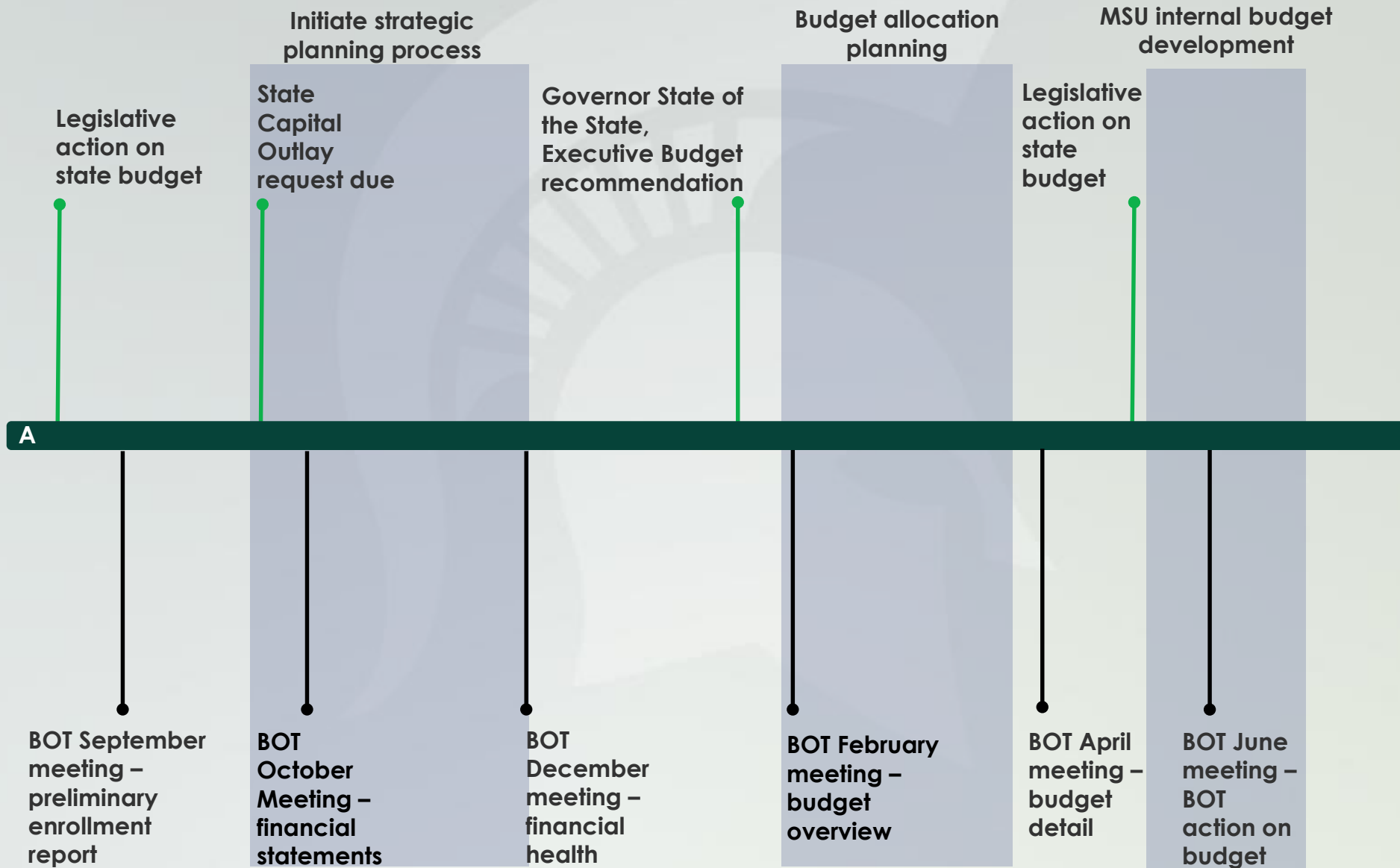
Conversation with the President September 23, 2019



Budget & Enrollment Update

Dave Byelich
Vice President for Planning and Budgets

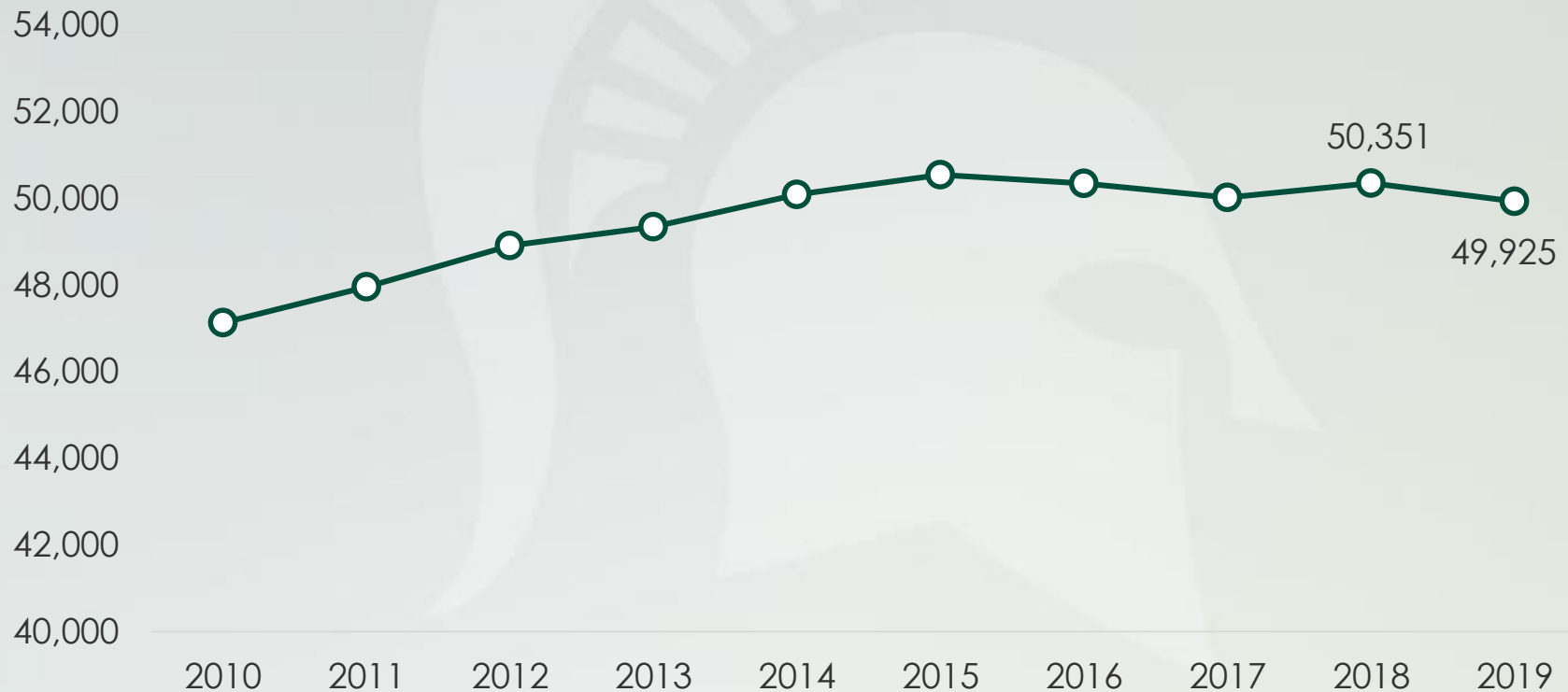
MSU Budget & Planning Timeline



Total Enrollment

Total enrollment* of 49,925 reflects a 1% decrease from last year's total of 50,351

MSU Total Enrollment



2019 data is preliminary

First Time Undergraduate Enrollment

First time undergraduate enrollment* of 8,500 reflects a 1% increase from last year's total of 8,395

MSU First Time Undergraduate Class



* Note: Enrollments here are First Time in the Fall semester.

2019 data is preliminary

Enrollment Update - Current Estimate

New Undergraduate Students

	Fall 2018	Fall 2019	Difference
First Time	8,395	8,500	105
Transfer	1,502	1,200	-302
Total	9,897	9,700	-197
Domestic (Non-Resident) (included in above totals)	1,195	1,460	265
International (included in above totals)	735	650	-63

Enrollment Update - Current Estimate

All Students

	Fall 2018	Fall 2019	Difference
Undergraduate	39,423	39,200	-223
Graduate	8,421	8,225	-196
Graduate Professional	2,507	2,500	-7
Total MSU Enrollment	50,351	49,925	-426

Initial new students are unchanged while the number of students returning, across all levels, declined by approximately 1%

Initial Pro-Forma - Revenues

Budget Item	FY20 BOT Approved	FY21 Initial Planning	Notes
State Appropriations	2.0% (assumption) \$291.8	2.0% (assumption) \$297.6	FY20 outcomes lag assumption
Tuition and Fees	No tuition increase for all undergraduate students A new rate structure that includes per credit rates for students taking 11 credits or less, block rates for students taking 12-18 credits, and a hybrid block/per credit structure for students taking 19+ credits 4.0% for most graduate students	3.0% resident undergraduate 2.0% non-resident undergraduate Increase domestic non-resident entering class +200, international students +50 4.0% for most graduate students	Monitoring: Size and composition of entering class and tuition discounting Block tuition structure and related changes to student dynamics (summer, hardship waiver) Revenue-share agreements for online course activity
	\$1,052.4	\$1,081.5	
Other Revenue	3% \$104.9	3% \$107.2	
Total Revenue	\$1,449.2	\$1,486.3	

Initial Pro-Forma - Expenditures

Budget Item	FY20	FY21	Notes
	BOT Approved	Initial Planning	
Financial Aid	7.1% \$164.9	2.0% \$168.2	Balance waivers and GF aid
Graduate Assistants	2.0% \$44.0	2.0% \$44.9	Per new contract, minima increases 5%
Faculty Salaries	2.5%+0.5%* \$425.7	2.5%+0.5%* \$438.5	2.5% merit, 0.5% market pool
Other Salaries	2.75%/2.0% \$273.5	2.75%/2.75% \$281.0	Year 1 of new MOU, 2.75% trailing groups
Health Care	5.0% \$100.2	3.0% \$103.2	Insurance costs flat, population pressures budget
Other Benefits	3.0% \$120.1	2.5% \$123.1	Follows salary increases, population changes
Utilities	0.0% \$56.9 (incl. \$3m new space)	0.0% \$57.6 (incl. \$0.8 m new space)	Monitor hedges for possible reduction
University Operations	2.0% \$107.3	1.0% \$110.9	Augment specific programmatic needs outside increment
Supplies & Services	2.0% \$147.0	2.0% \$148.5	
Financial Framework			
Course Demand	\$3.2	\$0.0	Monitor course demand
Technology	\$6.5	\$3.0	Continues plan,
Performance Efficiency Reallocation	-1.0% (\$6.5)	-1.0% (\$6.5)	Ongoing
Base Budget Reduction	<u>0.0%</u>	<u>0.0%</u>	
Total Expense	\$1,449.2	\$1,486.3**	

* Includes 2.5% general merit and 0.5% market pool administered centrally

** FY21 budgetary totals include FY20 budgeted amounts for course demand, IT Services allocation, and salary annualization

Note: Increments for revenue-based activities to be added to totals in subsequent year once known

Project & Settlement Financing

	FY18	FY19	FY20	FY21	FY22	FY23
Total Sources of Funding (FY18-FY23)*	\$60.7	\$166.1	\$90.1	\$100.1	\$141.1	\$78.7
Uses of Funding						
Capital projects total (Annual debt service)		\$12.9	\$12.9	\$12.9	\$12.9	\$12.9
Settlement pro-forma (Annual debt service)		\$29.0	\$29.0	\$29.0	\$29.0	\$29.0
Cash Financed Projects	\$60.7	\$111.2	\$41.3	\$38.5	\$31.0	\$31.0
Total Annual Expenditures	\$60.7	\$153.1	\$83.2	\$80.4	\$72.9	\$72.9
Surplus/(Deficit) 6.25% Earnings - Planned	\$0.00	\$13.06	\$6.95	\$19.70	\$68.19	\$5.84
Surplus/(Deficit) 4.25% Earnings	\$0.00	-\$14.35	-\$21.90	-\$12.73	\$31.80	-\$18.90
Surplus/(Deficit) 8.25% Earnings	\$0.00	\$34.38	\$29.38	\$44.92	\$96.49	\$25.08

*Total sources of funding includes annual investment income projections, \$10M in separately budgeted tuition and fees, and released debt service proceeds (FY22).

Budget Planning – Monitor 2019-20

State appropriations:

- Budget established at 2.0%, \$5.8M
- Conference committee appropriations increase of 0.5%, \$1.5M
- 0.5%, \$1.5M Indian Tuition Waiver funding
- 1.0% increase for MSU AgBioResearch and MSUE

Tuition & fees:

- FY20 tuition and fees limited by summer class, size and composition of overall enrollment– may need to modify existing planning

Treasury Management and other:

- Capital project and legal settlement financing based upon treasury financial management investment income
- Fund insurance cost differential ~\$1.0M

Budget Planning – Updates for 2020-21

State appropriations:

- Update recurring base from prior year
- Initial target, 2.0%

- Monitor AgBioResearch, MSUE, capital outlay outcomes

Tuition & fees:

- Ongoing monitoring of Fall 2020 entering class size, composition, tuition discount requirements

- Assess impact of flat rate tuition structure and associated changes in student behavior, hardship waivers, etc.

Budget Planning – Updates for 2020-21

Programmatic considerations:

- Update base from prior year
- Continuing uncertainty for self-insurance costs related to sexual assault claims and traumatic brain injury
- Incorporation of MSU Law College into broader campus programmatic and business infrastructure
- Possible extension of global impact hiring, timing and cost of related startups, broader cost pressure on startup packages
- Planned allocations for IT services
- Continuing allocation of course demand funds

Budget Planning – 1% Planning Values

Revenue Variable	1% Parameter	Notes
Appropriations	\$2.9	Fix base, ITW, other
Tuition and Fees	\$10.5	Size and composition of class, rates
Other revenue	<u>\$1.1</u>	IDC, investment income
Total Revenue	\$14.5	
Financial aid	\$1.6	Need, merit, residency
Graduate assistants	\$0.5	Contract, population
Faculty salaries	\$4.3	Peer standing
Collective bargaining salaries	\$2.7	Collective bargaining negotiation
Fringe benefits	\$2.2	Plan design
Utilities	\$0.6	Long-term approach, commodities
University operations	\$1.1	Debt, insurance
Supplies & Services	\$1.5	Increment
Framework	Variable	ITS, competitiveness, other
PERF	1% of adj. base	Reallocation pool (1% - \$6.5M)
Total Expense	\$14.5	