



# **Administrative Leadership Meeting**

**Wednesday, June 15, 2016**

# State Budget Update

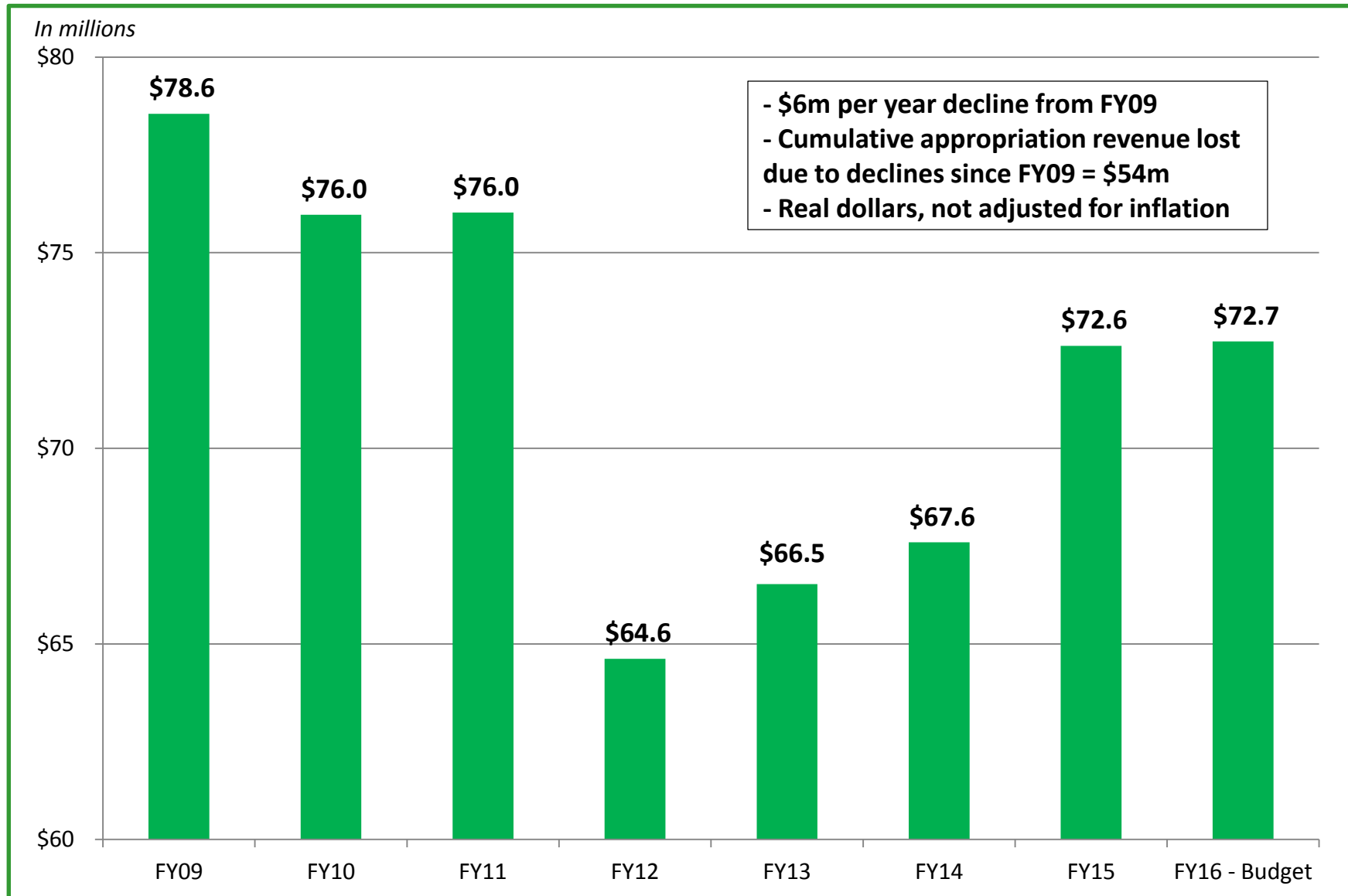
*June 15, 2016*

# Highlights:

- **EMU appropriation increase:  
\$1.8 million**
- **4.2% tuition restraint cap**
- **Strong Hall capital outlay authorized!**

*June 15, 2016*

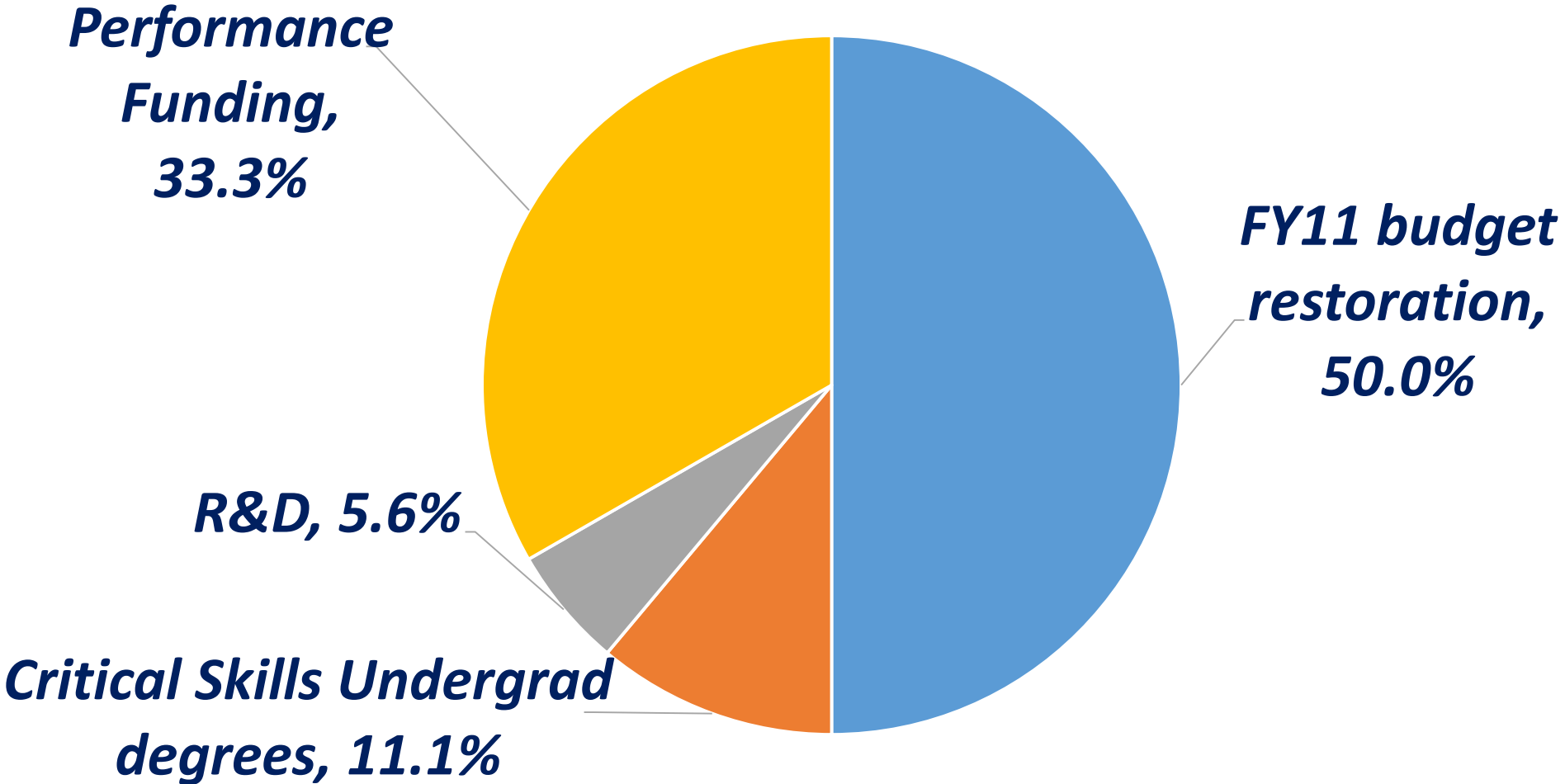
# Appropriations to EMU (historical)



# FY17 Higher Ed Appropriations

- **\$39.7 million in new funding for all public university operations**
- **2.9% increase from FY16**

# How is the \$39.7 million in new funding allocated?



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# Performance Funding

- Funding pool = \$13.26 million (33.3%)
- Divided equally between four performance metrics

# Performance Funding

- Each university scored against its nationwide Carnegie classification peers (see paper explanation)
  - *Michigan peers: FSU, GVSU, SVSU, UM-D, UM-F*
- Performance Funding scores: 0-3 points:
  - 3 points = Top 20% nationally
  - 2 points = Above national median
  - 2 points = Improvement over three years
  - 0 points = None of the above



# EMU's Performance Metric Scores

1. 6-year grad rate = 0/3 points
2. Total degrees produced = 3/3 points
3. Administrative overhead = 2/3 points
4. % of students receiving Pell Grants = 2/3 points

TOTAL = 7 points

# R&D Funding

- Funding pool: \$2.2 million (5.6%)
- % of R&D spending by each university
- Available only for Carnegie Research Institutions
  - *Currently: UM-AA, MSU, WSU, MTU, WMU, CMU, OU*
- Based on FY14 data → EMU therefore not eligible
  - *Will become eligible in future years based on Carnegie reclassification*

# Critical Skills Degrees

- Funding pool: \$4.4 million (11.1%)
- # of undergraduate degrees awarded in AY15
- STEM fields, e.g., math, biology, architecture, health fields, etc.
- EMU = 817 degrees

# Penalty

- EMU & OU penalized \$400k (one-time) each due to exceeding FY16 tuition restraint
- Those funds re-distributed to universities that remained below FY11 funding levels
  - *UM-AA, MSU, WSU, WMU*

# Strong Hall

- Planning authorization approved by Senate & House
- Governor's signature expected soon
- 75/25 cost share; State share capped at \$30 million
- \$40 million project
  - **Nearly \$30 million in State Funds**
  - Nearly \$10 million match from EMU

# Strong Hall

- Complete building overhaul
- New HVAC, elevator, roof, windows, flooring, technology, etc.
- Programming & design work begins soon
- Construction timeline TBD
  - 80,000sf will be vacated!

# FY17 Budget Update

*June 15, 2016*

# **Capital Investments:**

- Capital Expenditure Supplement (\$30M) for FY17  
(Co-Gen unit, Loop 1, Energy Conservation Measures)
- New Debt offering planned for 2017
- Strong Hall – Capital Outlay (\$30M State/\$10M EMU)
  - 18 month construction period
  - Anticipate Summer/Fall 2018 completion
  - Need academic areas swing space plan



# Capital Investments:

- Investment to enhance academic competitiveness (Strong)
- Investment to lower future operating costs
  - Co-Generation
  - Energy Conservation Measures
- Investment to lower operating risk (Loop 1)

## **Budget Objectives:**

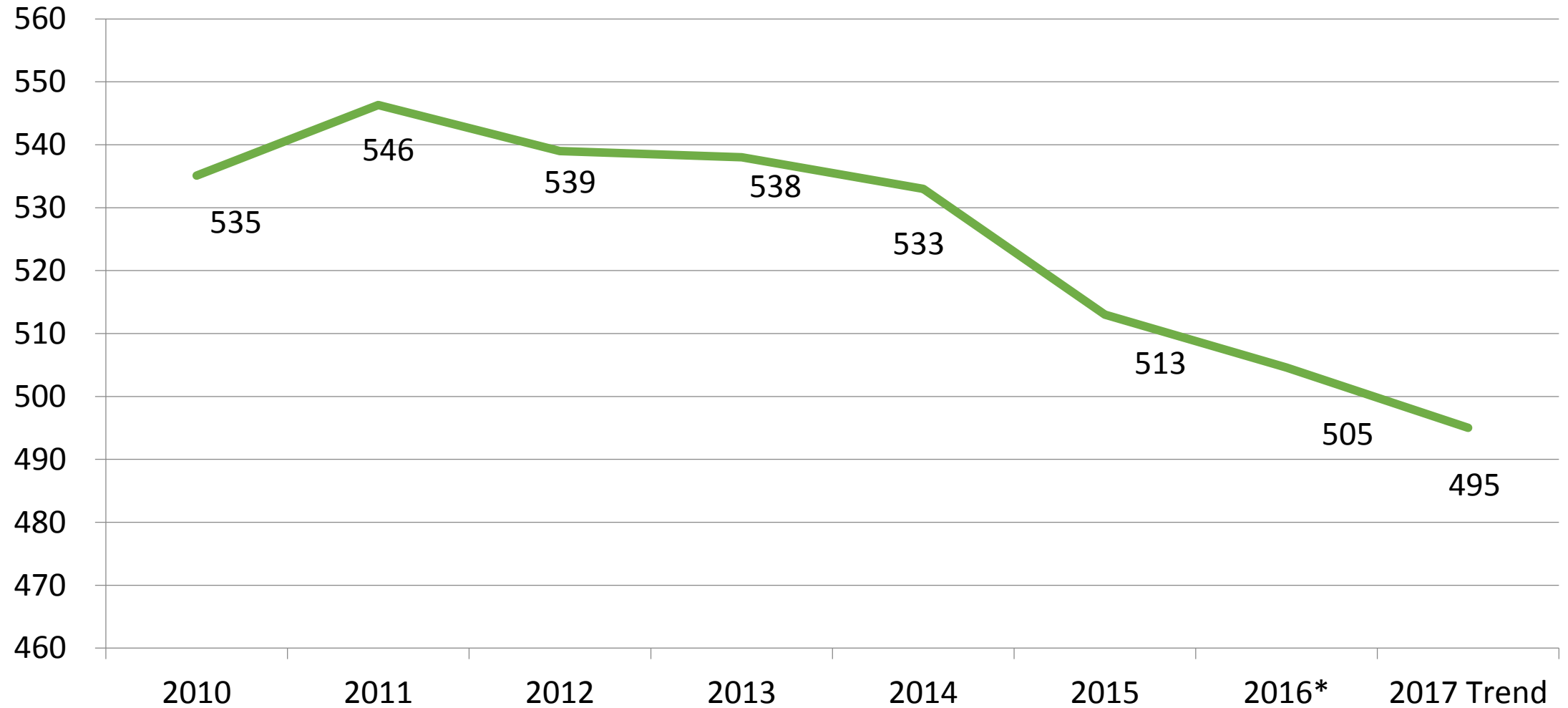
- Conservative Revenue (SCH) Assumptions
- Balanced, Full Accrual budget
- Incorporate move of Athletics from General Fund to Auxiliary
- Account for impacts of higher energy costs

Overall Goal – Build a budget that puts EMU on path to stronger financial position.

## Revenue Assumptions:

- Conservative SCH forecast of 495,000
  - 2% decrease compared to FY16 Actual
- Investment Income = \$0
- Tuition and Fees – Within State Tuition Restraint Cap (4.2%)
- Strong Enrollment (2800 FTIAC)

# SCH Trends 2010-2017

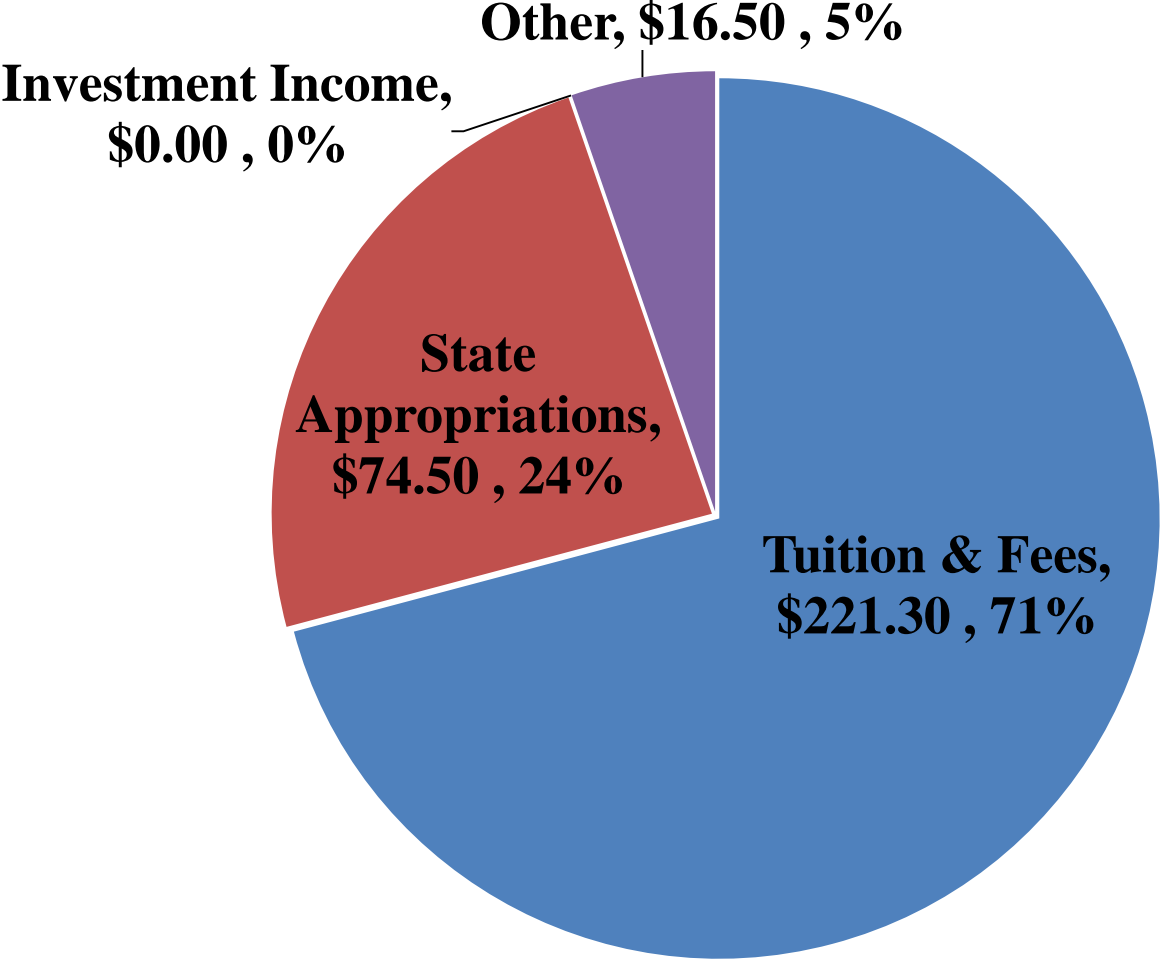


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# Tuition and Fees:

- Move toward more transparent tuition & fees model
  - Combined Tuition and Fees within State Tuition Restraint Cap
  - Decrease Program Fees
  - Off-set in the per credit hour tuition rate
- State mandated “Rebase” of Tuition and Fees
  - (all Michigan Public Universities)
- 2016 Original Base: \$10,439
- 2016 Revised Base: \$11,638

# General Fund - Revenue Profile (millions \$):

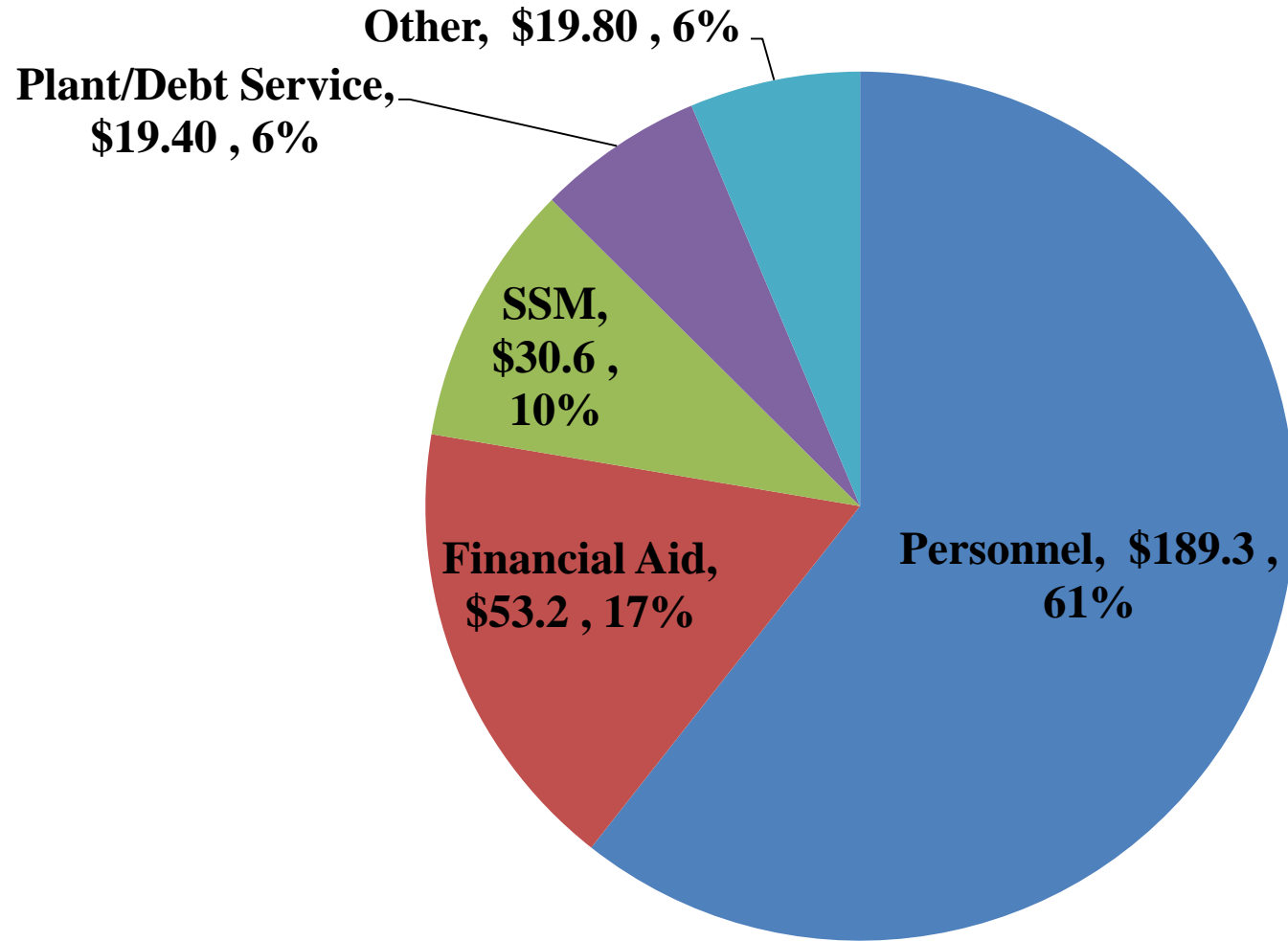


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## **Expense Assumptions:**

- Incorporate all collective bargaining agreements
- Salary (NBF) +1.5%
- Benefits costs increase 8%
- Incorporate departmental level cost reductions (5%+)
- Account for New Debt, higher utilities costs (Co-Gen)

# General Fund – Expense Profile (millions \$)



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## **Auxiliary Assumptions:**

- Athletics moves from GF to Auxiliary
- Room and Board Rates as approved by BOR
- Fall 2016 Parking Rate increase (\$50/semester)
- Financial Benefit from Dining Agreement included
- Most Auxiliaries show improvement over current year budget

# Operating Budget Summary:

- Cost reductions not “across the board”
  - e.g. lower in Public Safety, higher in Athletics
- Combined 5% impact (new revenue + expense reduction)
- Substantial benefit from Dining Services agreement reduces need for cost reductions