
- Ninth in series of campus budget discussions w/President Martin that began in the Summer of 2009 (Last Forum - May 4, 2011).

- Focus on Eastern’s budget and financial position as well as topics impacting our budget and external environment.

Today’s Agenda

- Introduction
  President Martin

- “The New Agenda for a New Michigan”
  Lou Glazer, President
  Michigan Future, Inc.

- FY12 Budget Update
  John Lumm
FY12 Budget …..Significant Challenges, Difficult Decisions……. Adopted Budgets Focused on Students and Building on Positive Momentum

- **Maintain Leadership Position in Tuition Restraint**
  - 3.65% Increase ($10.20 / credit hour)
  - Three year average 2.5% (vs. 6.3% other public universities)
  - Eastern’s increase over three years about $1,000 less
  - With new lab and studio fees, 4.25% weighted average increase

- **Continue Investments in:**
  - Educational Quality (Faculty, $1M to fund New/Growing Acad. Programs)
  - Financial Aid (up $3.3M, 10.8% in FY12; 57% increase over four years)
  - Facilities (Third year of Five year $200M Capital Spending Plan)

- **Difficult Challenges, Discussions, Decisions, and Tradeoffs**
  - Cost containment focus on administration; try not to impact students, classroom, campus life experience
  - Personnel actions very painful for campus community
Three Primary FY12 Budgets - the Numbers and Key Assumptions

- **FY12 General Fund Operating Budget - $281.4 Million**
  - Balanced Revenues and Expenditures
  - Operating Budget essentially flat year-to-year (FY11 $280.9M)
    - **Revenues** - 1.75% assumed growth in credit hours plus tuition/fee increases offsetting $11.4M (15%) reduction in state appropriation
    - **Expenditures** – administrative cost savings offsetting increased financial aid, higher instructional costs, new program funding, and other increases
  - No planned use of reserves, but meeting FY12 budget a challenge
    - Enrollment up 7% last two years
    - Fall 2011 enrollment trending slightly up, but not close to budgeted 1.75%
    - Expenditure budgets tight and must be met – need your help

- **FY12 Auxiliary Activity Operating Budget - $40.7 Million**
  - Reflects 2.15% aggregate room and board increase
Three Primary FY12 Budgets - the Numbers and Key Assumptions (Cont)

- FY12 Capital Budget – $38.1 Million
  - $26.7M - Science Complex ($90M total), Pray-Harrold ($42M)
  - $2.0M - IT Infrastructure
  - $1.9M - Rackham Renovation (expand academic programs)
  - $1.8M - Hoyt Renovation
  - $1.3M - Athletics Facilities (Title IX gender equity compliance)
  - $4.4M - Asset Preservation, Parking Infrastructure, Safety & Security, Energy Savings

- Five Year Capital Spending (FY10 through FY14) of $200M - spending allocation:
  - 70% academic facilities, 7% housing, 5% IT, 4% athletic facilities, 14% for safety/security, asset preservation/infrastructure, energy savings projects
Cost Containment….not across the board cuts, reduced administration

- Over $15M in cost avoidance and savings included in FY12 Operating Budget
  - Comprehensive, rigorous process – division based, division led
  - Savings focused on administration – actions to minimize impact on students/classroom
    - Modest increases projected in number of Faculty and FT- Lecturers
  - Savings in both personnel and non-personnel (SS&M, travel, etc) costs
  - Only departments of Public Safety, Legal Affairs, Govt. Relations “held harmless”

- Cost avoidance and savings by division

<table>
<thead>
<tr>
<th>Division/Dept.</th>
<th>Total Savings as Percent of FY11 GF Budget</th>
<th>Position (FTE) Reductions as Percent of FY11 GF (FTE) Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs</td>
<td>4.5%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Physical Plant</td>
<td>9.4</td>
<td>8.8</td>
</tr>
<tr>
<td>SAEM</td>
<td>8.9</td>
<td>8.1</td>
</tr>
<tr>
<td>Information Technology</td>
<td>8.3</td>
<td>8.3</td>
</tr>
<tr>
<td>Athletics</td>
<td>5.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Business and Finance</td>
<td>7.7</td>
<td>9.9</td>
</tr>
<tr>
<td>All Other</td>
<td>6.1</td>
<td>6.0</td>
</tr>
<tr>
<td>Total University</td>
<td>5.5%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>
Summary of Personnel Actions in FY12 Budget

- **Status of Personnel Actions** (at July 12 including re-calls)

<table>
<thead>
<tr>
<th>Employee Group</th>
<th>Position/FTE</th>
<th>Employee Layoffs</th>
<th>June 1 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin/Prof (AP)</td>
<td>19.50</td>
<td>1 9 10</td>
<td>245</td>
</tr>
<tr>
<td>Prof/Tech (PT)</td>
<td>26.07</td>
<td>0 9 9</td>
<td>413</td>
</tr>
<tr>
<td>Clerical/Sec (CS)</td>
<td>21.50</td>
<td>3 8 11</td>
<td>248</td>
</tr>
<tr>
<td>Food/Maint (FM)</td>
<td>8.00</td>
<td>0 4 4</td>
<td>201</td>
</tr>
<tr>
<td>Faculty/FT Lecturer</td>
<td>None</td>
<td>None</td>
<td>786</td>
</tr>
<tr>
<td>Police/Coaches/CC/AH</td>
<td>None</td>
<td>None</td>
<td>85</td>
</tr>
<tr>
<td><strong>Total University</strong></td>
<td><strong>75.07</strong></td>
<td><strong>4 30 34</strong></td>
<td><strong>1,978</strong></td>
</tr>
</tbody>
</table>

- On June 21 (day Board adopted budgets), the number of anticipated layoffs was “over 40” and the position reductions were “more than 70”.

- Approximately 85 employees impacted (layoff, new position, new classification). Recalls as vacancies occur already happening

- FY12 pay freeze for some employees (NBF, AFSCME, Police Sergeants)
Conclusion and A Look Ahead

- **Budget Process and Development**
  - Could have implemented Across-the-Board cuts or simply raised tuition 7% - Instead, chose strategic path to build on recent growth, positive momentum.
  - Priorities were/are affordability, access while continuing investments in our students, academic quality, and campus experience

- **Transition Period Now**
  - Change is difficult, but necessary, normal and offers opportunity
  - How adjustments are made will be critical to future success

- **Eastern on Positive Trajectory** – with everyone’s full, positive engagement, leadership, and best efforts, that will continue

- **Begin building FY13 now** – continue to look for administrative efficiencies and to build enrollment