Budget Forum
Tuesday, May 16, 2017
Mike Valdes, Chief Financial Officer
FY 2018 Budget Goals

- Balanced budget
- Invest in student success
- Grow high-demand academic programs
- Minimize involuntary impacts on staffing
- Efficiency through organizational re-alignments
- Invest in facilities and infrastructure
- Increase third party revenue sources
FY 2018 Budget – Baseline Revenue Assumptions

**General Fund**

- Total SCH – 482,000 at current mix (80% UG, 20% GD)
- UG Tuition* – 3.8% Increase
- GD Tuition* – 5.0% Increase
- State Appropriations – 1.9% Increase
- Other Revenue* – 5% Aggregate Rate Increase (3% net)
- Incorporate out-of-state UG Shift (3,000 SCH)

*Subject to Board of Regents approval*
FY 2018 Budget – Baseline Revenue Assumptions

**Auxiliaries**

- Rec/IM Opt-Out Fee* – TBD
- Housing – 3% Increase at current occupancy, mix
- Dining – 2-4% Increase at current mix
- Parking* – 5% Increase, 5% Premium Increase – at current mix

*Subject to Board of Regents approval
FY 2018 Budget – Baseline Expense Assumptions

• Contractual Obligations per CBA
  o Wage Rates
  o HC Benefits, Parking, etc.

• Salaries
  o Non-Bargained For – 2% Increase
  o Open Labor Contracts – Less than or equal to 2% increase to total compensation
    ▪ Professional Technical, PTL, Police Sergeants
FY 2018 Budget – Baseline Expense Assumptions

• Financial Aid – Currently At Board Authorization
  o $57 million ($4 million increase from 2017)
    ▪ Should include $3.0M benefit for out-of-state rate
    ▪ Assumed 3.0% increase, modeling for 3.8%

• Utilities Savings – Begin Winter 2018 (Co-Gen)
Revenue Challenges - Declining SCH (Local Industry)

CMU announces staff cuts ahead of budget forum

UT to offer buyouts in effort to trim costs

Wright State could lay off up to 120 people to save $8 million

Declining enrollment a statewide hurdle
Community College Enrollment

Five year change in SCH at Community Colleges (Fall 2011 vs. Fall 2016)

- Henry Ford: -29.3%
- Jackson: -16.2%*
- Monroe: -34.3%
- Macomb: -10.8%
- Oakland: -40%
- Washtenaw: -11%

*Represents change from Fall 11 to Fall 15
Peer Institution Enrollments

Five year change in peer headcount (Fall 2011 vs. Fall 2016)

- CMU: -8.5%
- EMU: -7.4%
- WSU: -8.6%
- WMU: -6.3%
### Revenue Challenges – Declining SCH

**Eastern Michigan University**

**FY 2011 – 2016 SCH Trend (by College)**

<table>
<thead>
<tr>
<th>College</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAS</td>
<td>546,323</td>
<td>538,783</td>
<td>537,757</td>
<td>532,787</td>
<td>512,970</td>
<td>505,107</td>
</tr>
<tr>
<td>COB</td>
<td>3,141</td>
<td>988</td>
<td>2,339</td>
<td>3,086</td>
<td>3,862</td>
<td>3,620</td>
</tr>
<tr>
<td>COE</td>
<td>56,326</td>
<td>61,039</td>
<td>64,348</td>
<td>69,241</td>
<td>71,201</td>
<td>74,912</td>
</tr>
<tr>
<td>CHHS</td>
<td>327,653</td>
<td>323,938</td>
<td>323,536</td>
<td>318,925</td>
<td>300,609</td>
<td>294,285</td>
</tr>
<tr>
<td>COT</td>
<td>62,613</td>
<td>62,029</td>
<td>59,642</td>
<td>60,132</td>
<td>60,740</td>
<td>61,185</td>
</tr>
</tbody>
</table>

**5 Yr. Trend**

- 8%

**SCH Decline from 2010/2011 to 2015/2016**

- 15%

- 7%

- 23%

- 32%

- 2%

- 10%
Revenue Challenges – Declining SCH (Summer)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>69,890</td>
</tr>
<tr>
<td>2012</td>
<td>63,402</td>
</tr>
<tr>
<td>2013</td>
<td>58,158</td>
</tr>
<tr>
<td>2014</td>
<td>52,188</td>
</tr>
<tr>
<td>2015</td>
<td>47,571</td>
</tr>
<tr>
<td>2016</td>
<td>43,845</td>
</tr>
<tr>
<td>2017</td>
<td>41,414 est</td>
</tr>
</tbody>
</table>

41% SCH Decline
Revenue Challenges – State Appropriations

Lost appropriations revenues since 2009 levels - $61.3m
State Appropriations vs. Tuition & Fees

- State Appropriations: 72.5% in 1980, 27.5% in 1996, 23.9% in 2016
- Tuition & Fees: 76.1% in 1980, 72.5% in 1996, 23.9% in 2016
## State Appropriations Per Capita

<table>
<thead>
<tr>
<th>National Rank</th>
<th>State</th>
<th>Per Capita Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.</td>
<td>Minnesota</td>
<td>$279.59 ($1.54B)</td>
</tr>
<tr>
<td>22.</td>
<td>Indiana</td>
<td>$265.34 ($1.76B)</td>
</tr>
<tr>
<td>28.</td>
<td>Wisconsin</td>
<td>$255.07 ($1.47B)</td>
</tr>
<tr>
<td>40.</td>
<td>Ohio</td>
<td>$198.34 ($2.30B)</td>
</tr>
<tr>
<td>42.</td>
<td>Michigan</td>
<td>$189.06 ($1.88B)</td>
</tr>
<tr>
<td>49.</td>
<td>Illinois</td>
<td>$110.05 ($1.41B)*</td>
</tr>
</tbody>
</table>

*Illinois State Appropriations below historical averages (temporary)*

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**Michigan State Appropriations**

(scaled to Midwest states per capita contributions)

- Minnesota
- Indiana
- Wisconsin
- Ohio

![Michigan Appropriations Chart](chart.png)
EMU Financial Results

EMU Operating Surplus (Deficit)*

*Annual surplus/(deficit) adjusted for investment income, gain/loss on derivative valuations and capital appropriations

$49.6m in annual losses 2012-2016
FY 2018 Budget Goals

EMU Financial Reserves*
2012-2016

*Financial Reserves = Cash + Restricted Investments + Unrestricted Investments
Revenue Challenges – Other Uncertainties

- Potential FY18 federal budget cuts may impact:
  - Financial Aid
    - FSEOG (Pell Supplement)
    - Pell Grants
    - Work Study
  - Research and Development
    - Grant funded areas
FY 2017 General Fund Budget Expenses By Type

- Salaries & Benefits: 61%
- Financial Aid: 17%
- Services, Supplies & Materials: 11%
- Debt, Asset Preservation, Utilities: 6%
- Other Expenditures: 5%
- Other Expenditures: 5%
# Expenses By Functional Area

## EMU General Fund Budget - Increases

### FY 2013 vs. FY 2017

<table>
<thead>
<tr>
<th>Functional Area</th>
<th>FY17</th>
<th>FY13</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>$5M</td>
<td>$12M</td>
<td>0.4%</td>
</tr>
<tr>
<td>Communications</td>
<td>$3M</td>
<td>$12M</td>
<td>10.9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>$3M</td>
<td>$12M</td>
<td>17.7%</td>
</tr>
<tr>
<td>Student Life</td>
<td>$2M</td>
<td>$12M</td>
<td>37.0%</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$2M</td>
<td>$12M</td>
<td>41.3%</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>$50M</td>
<td>$53M</td>
<td>49.8%</td>
</tr>
</tbody>
</table>

*FY17 Budget: $53M, FY13 Budget: $35M*
## Expenses By Functional Area

### EMU General Fund Budget - Decreases
FY 2013 vs. FY 2017

<table>
<thead>
<tr>
<th>Area</th>
<th>FY13</th>
<th>FY17</th>
<th>% Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs</td>
<td>$18M</td>
<td>$163M</td>
<td>-2.8%</td>
</tr>
<tr>
<td>B&amp;F</td>
<td></td>
<td></td>
<td>-12.8%</td>
</tr>
<tr>
<td>President</td>
<td></td>
<td></td>
<td>-10.8%</td>
</tr>
<tr>
<td>Enrollment Management</td>
<td></td>
<td></td>
<td>-13.0%</td>
</tr>
<tr>
<td>Physical Plant</td>
<td></td>
<td></td>
<td>-3.9%</td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td>-15.8%</td>
</tr>
</tbody>
</table>

**Total Decrease:** $5M

**Total Budget:** $163M
Expenses By Functional Area - Athletics

**EMU ATHLETICS**

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 17</th>
<th>FY 16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td>4.3%</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td>-4.8%</td>
</tr>
<tr>
<td>General Fund Support</td>
<td></td>
<td></td>
<td>-8.8%</td>
</tr>
</tbody>
</table>
Expected Actions

1. Staff voluntary early retirement plan
   • Roll-out by the end of May 2017
   • Wednesday May 17 meeting with All Union Council
   • Plan recommended in President’s listening sessions

2. Voluntary staff appointment changes
   • Existing program (http://www.emich.edu/hr/forms/benefits/vol_work-sched-adj-prog-agreement.pdf)
   • Employees can voluntarily decrease hours during low activity periods
Expected Actions

- Evaluate impacts of voluntary changes prior to involuntary
  - Appointment changes
  - Reduction in work force
Next Steps

- **Increase Revenues**
  - Online opportunities (nationally & internationally)
  - Assess revenues from outside the University

- **Decrease Expenses**
  - Summer hours and seasonal shutdown of buildings
  - Consolidate redundant operations

- **Additional Budget Forum Planned - June**
Appendix: Maximum Pell Grants Awards

- FY 2011: $5,550
- FY 2012: $5,550
- FY 2013: $5,550
- FY 2014: $5,645
- FY 2015: $5,730
- FY 2016: $5,775
- FY 2017: $5,815

Average Annual Increase: 0.78%