

# **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
  - Wage Rates
  - HC Benefits, Parking, etc.
- Salaries
  - Non-Bargained For – 2% Increase
  - 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
  - \$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)

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## CMU announces staff cuts ahead of budget forum

By Sean Bradley [Sbradley@digitafirstmedia.com](mailto:Sbradley@digitafirstmedia.com) @MorningSunSean on Twitter Apr 20, 2017 [Comments](#)

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EDUCATION

### UT to offer buyouts in effort to trim costs

Roughly 500 employees eligible for 'voluntary separation program'

By [Vanessa McCray](#) | BLADE STAFF WRITER ✉

Published on April 12, 2017 | Updated 7:43 p. m.

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

Max Filby - Staff Writer  
5:42 p.m Tuesday, April 25, 2017 Filed in [News](#)

**TheTimesHerald**  
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## 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*



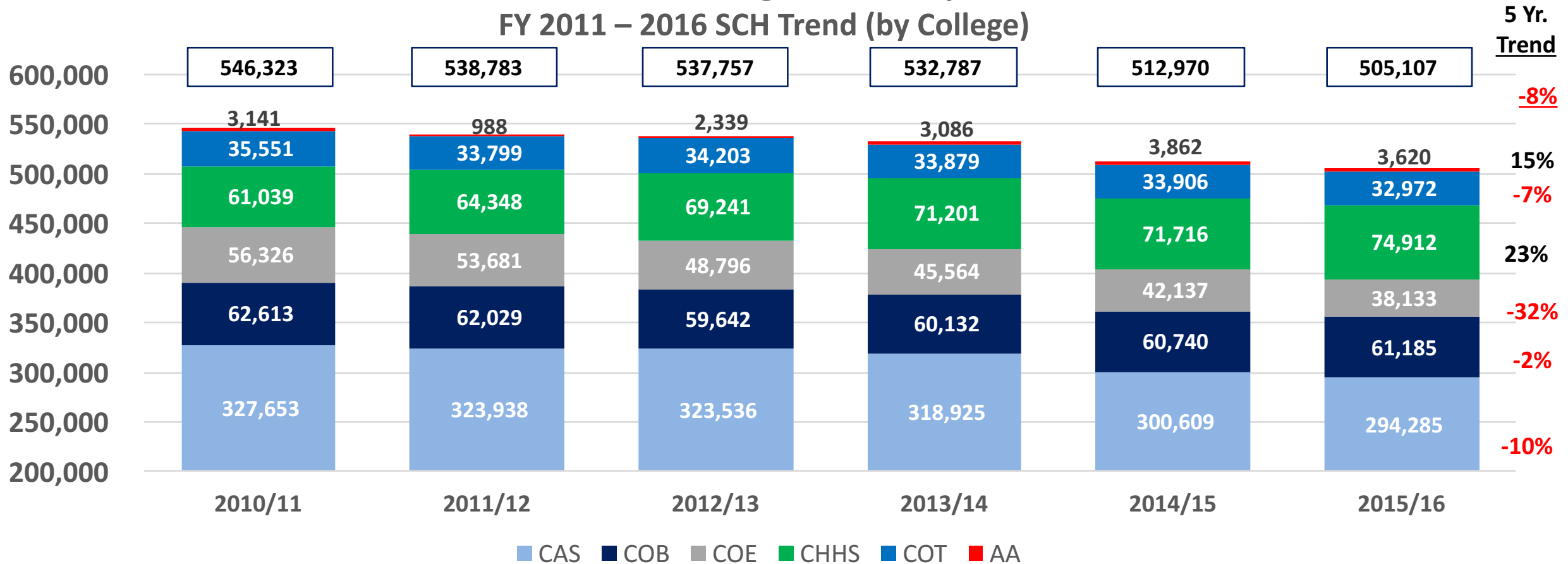
# Peer Institution Enrollments

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

- CMU: -8.5%
- EMU: -7.4%
- WSU: -8.6%
- WMU: -6.3%

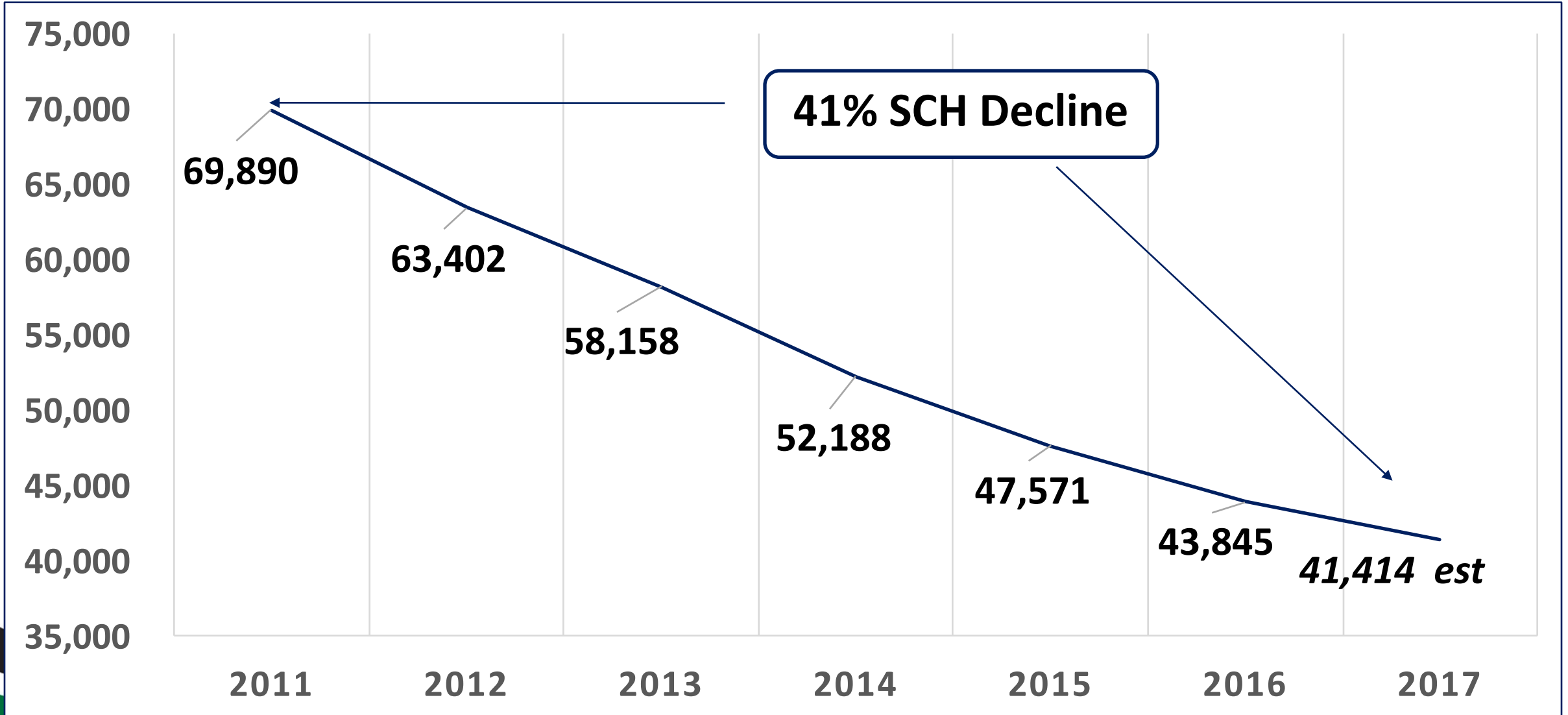
# Revenue Challenges – Declining SCH

Eastern Michigan University  
FY 2011 – 2016 SCH Trend (by College)

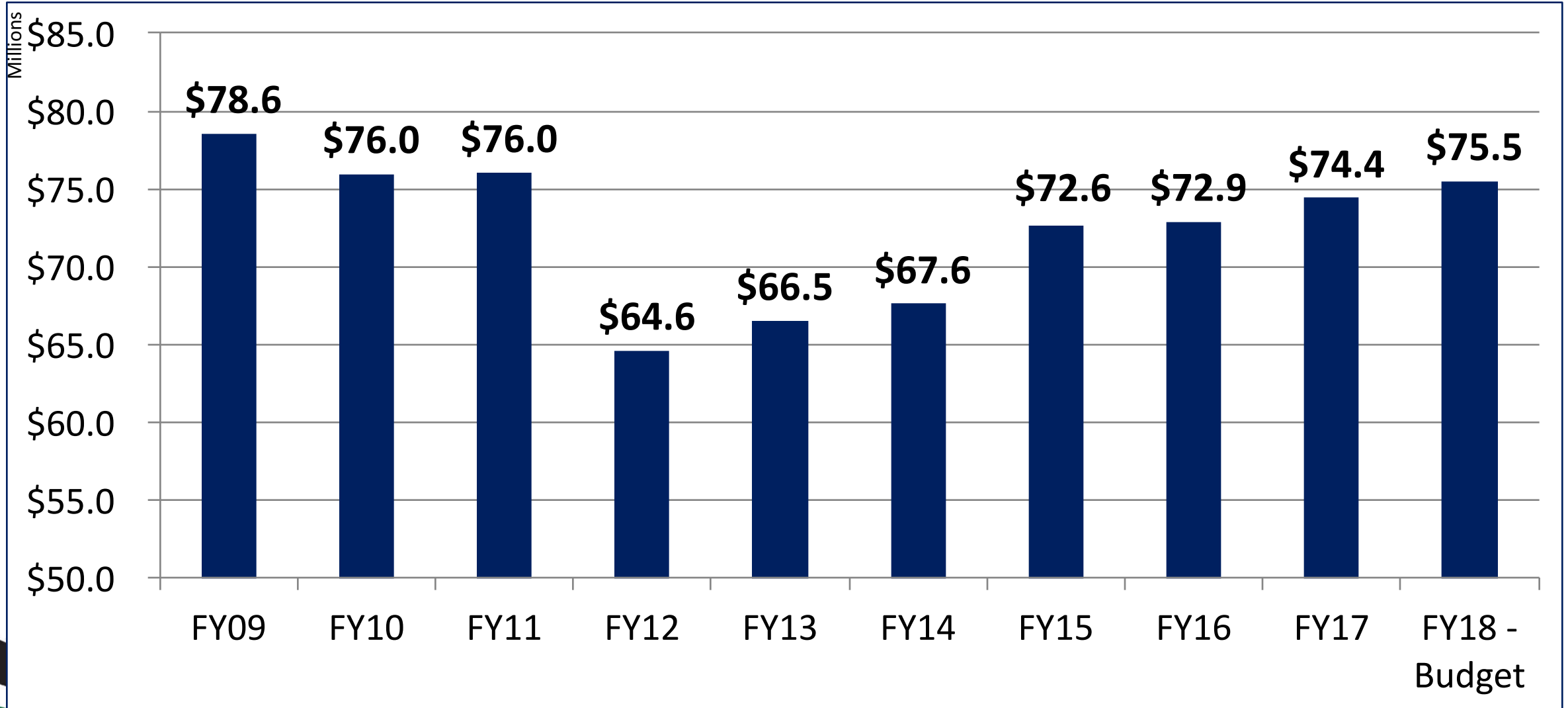


**-8% SCH Decline from 2010/2011 to 2015/2016**

# Revenue Challenges – Declining SCH (Summer)

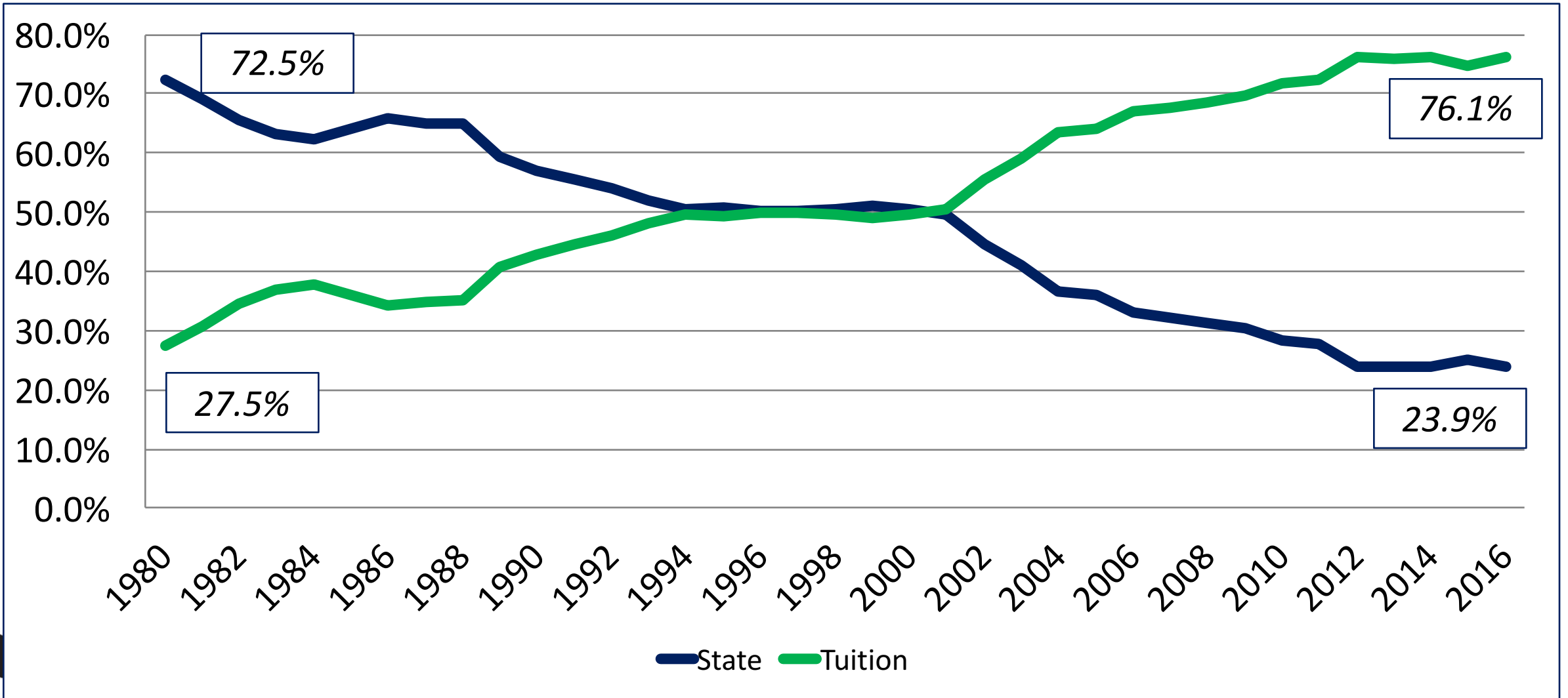


# Revenue Challenges – State Appropriations



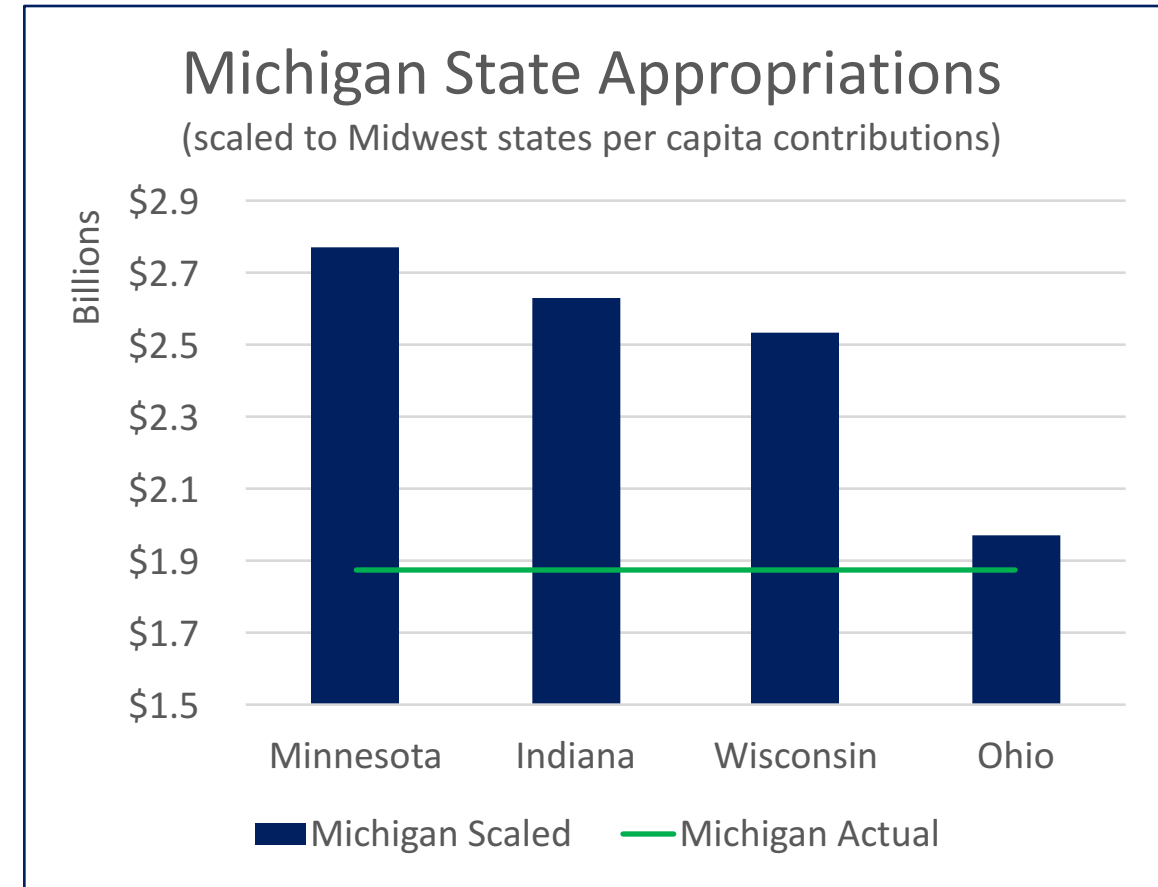
**Lost appropriations revenues since 2009 levels - \$61.3m**

# State Appropriations vs. Tuition & Fees



# State Appropriations Per Capita

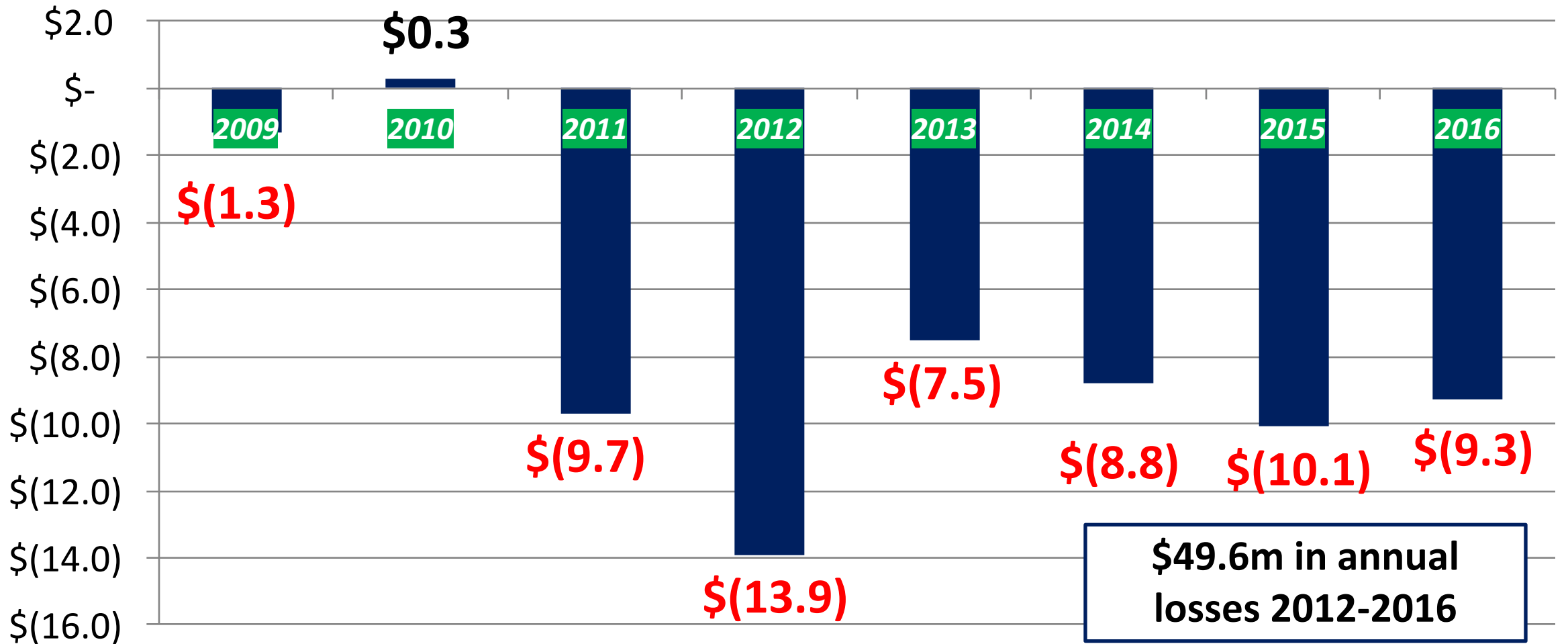
National Rank	Per Capita Amount
17.	\$279.59 – Minnesota (\$1.54B)
22.	\$265.34 – Indiana (\$1.76B)
28.	\$255.07 – Wisconsin (\$1.47B)
40.	\$198.34 – Ohio (\$2.30B)
<b>42.</b>	<b>\$189.06 – Michigan (\$1.88B)</b>
49.	\$110.05 – Illinois (\$1.41B)*



\*Illinois State Appropriations below historical averages (temporary)

# EMU Financial Results

EMU Operating Surplus (Deficit)\*



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

# FY 2018 Budget Goals

EMU Financial Reserves\*  
2012-2016

Millions

\$120  
\$100  
\$80  
\$60  
\$40  
\$20  
\$-

★ Target \$110m

\$68.50m  
from target



\$62.53

\$52.12

\$45.94

\$59.57

\$41.50

2012

2013

2014

2015

2016

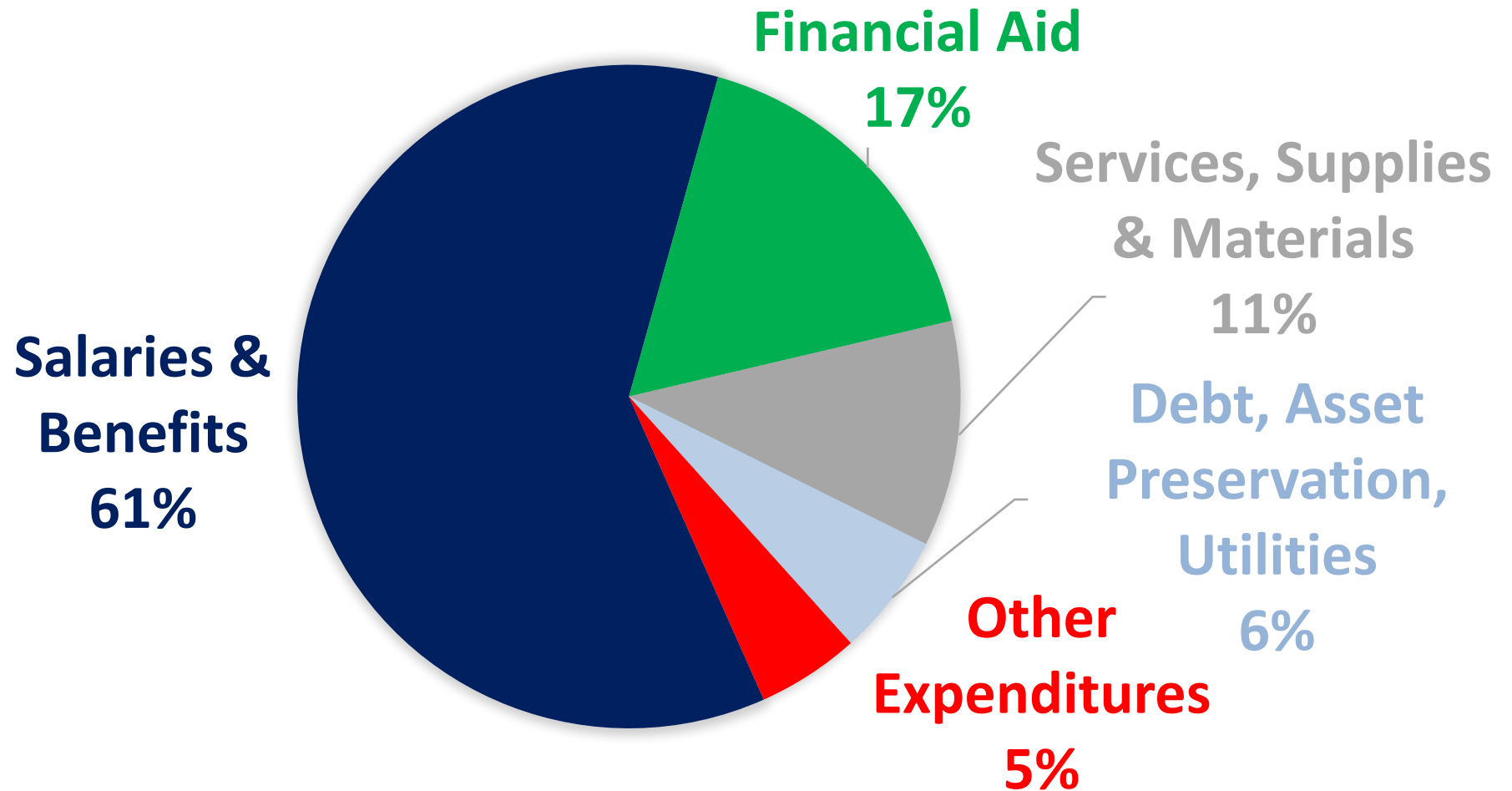
\*Financial Reserves = Cash + Restricted Investments + Unrestricted Investments



# 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

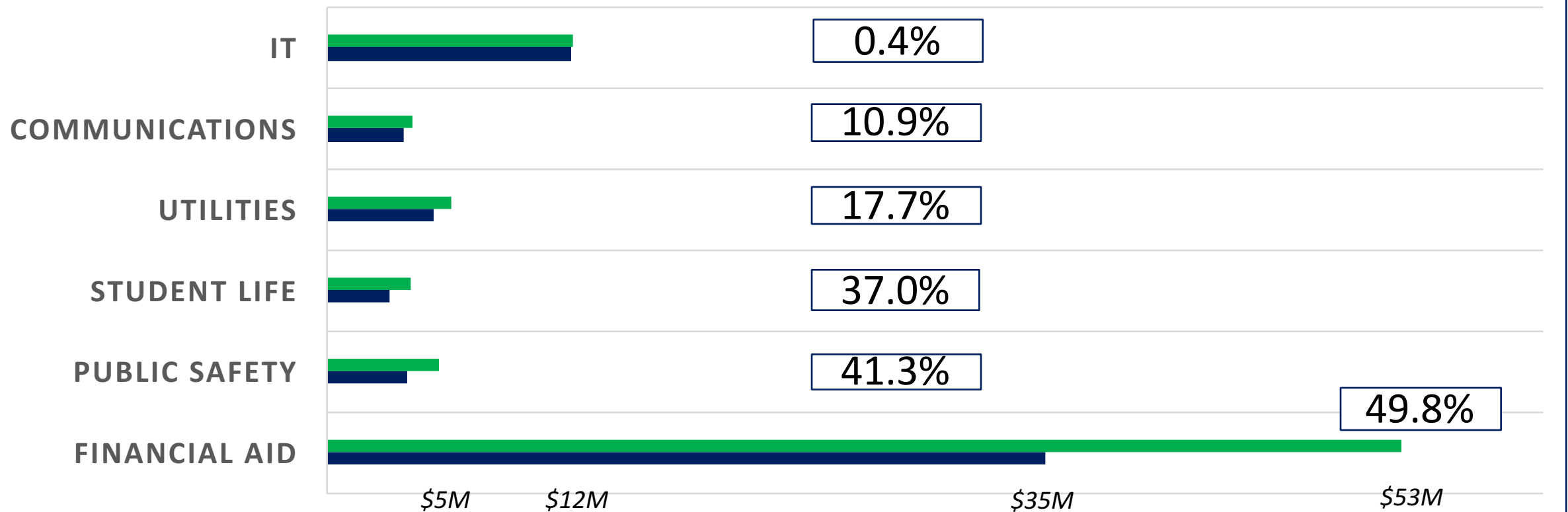
# FY 2017 General Fund Budget Expenses By Type



# Expenses By Functional Area

## EMU GENERAL FUND BUDGET - INCREASES FY 2013 VS. FY 2017

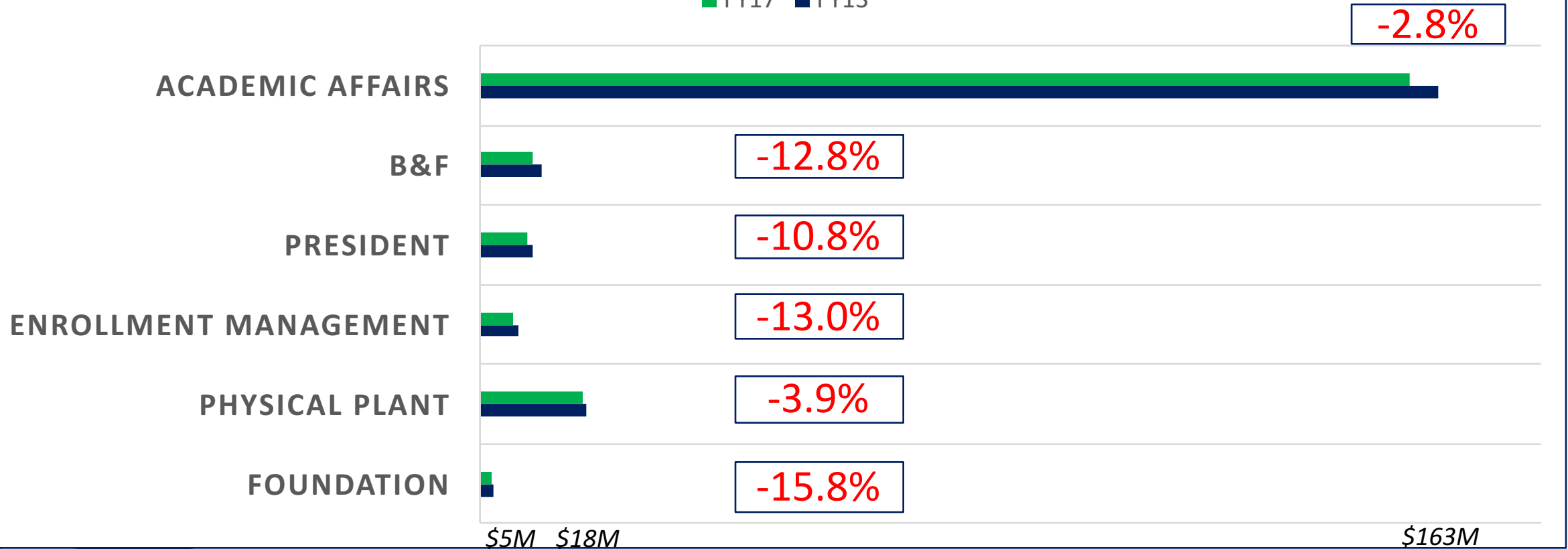
FY17 FY13



# Expenses By Functional Area

## EMU GENERAL FUND BUDGET - DECREASES FY 2013 VS. FY 2017

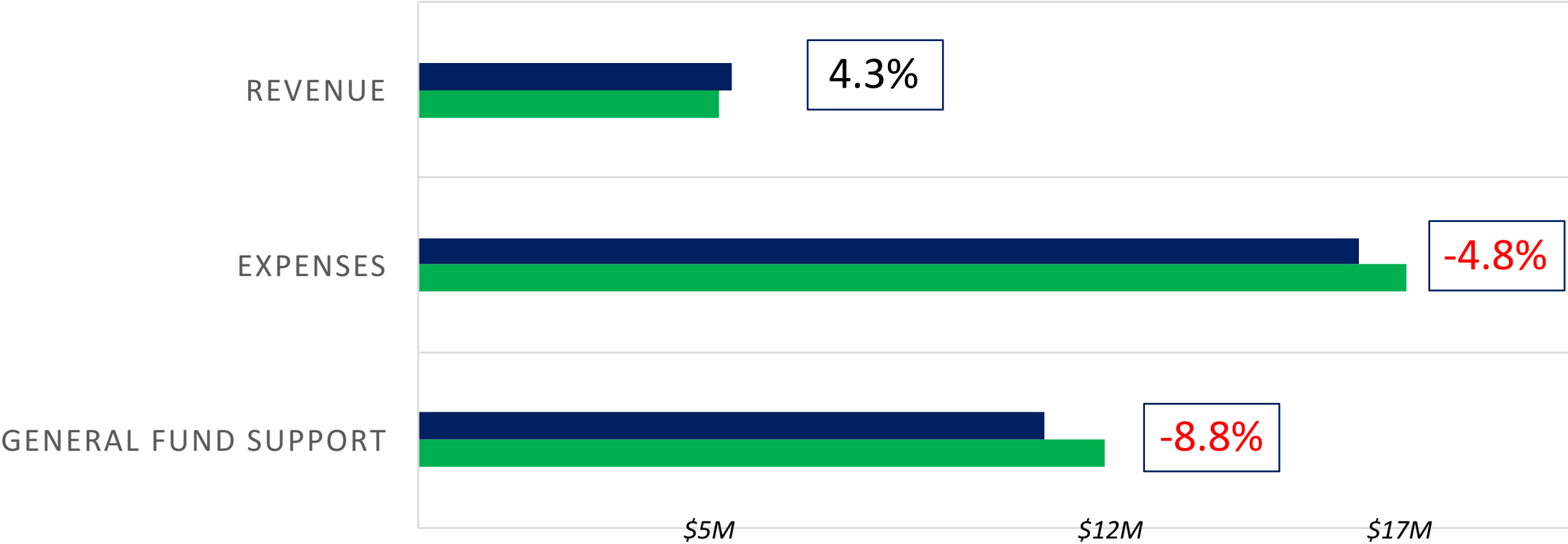
FY17 FY13



# Expenses By Functional Area - Athletics

## EMU ATHLETICS

FY 17 FY 16



# 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](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%