Campus Update Forum

Tuesday, November 28, 2017
Agenda

1. Welcome  
   Jim Smith, President

2. Strong Hall Update  
   Facilities Planning & Construction Team

3. Budget Update  
   Mike Valdes, Chief Financial Officer

4. Open Q&A
Strong Hall Renovation
Introduction & Background

– Top priority since 2009
– Complete Building Renovation
– Project Budget: $39.5M
  • State Appropriation: $29.6M
  • EMU Local Match: $9.9M
– Built: 1957 with no previous “significant” renovations since it was built
Introduction & Background

Project Team
Owner: State of Michigan/EMU
Architect: Stantec
Construction Manager: Clark Construction
Program Manager: AECOM
Timeline

2009
Original DTMB Capital Outlay authorization requested.

July 2016
Received legislative approval for Design Phase. Public Act 268 of 2016.

May 2017
Schematic Design submitted to DTMB for approval

July/Aug 2017
Strong Hall move-out and relocation

August 2017
Schematic Design Approved by DTMB

Construction begins with Demolition and Abatement
August 2017

Completed Construction Drawings issued
September 2017

Renovation continues
Sept 2017 – Dec 2018

Substantial completion December 2018

Classes scheduled to return Jan 2019
Phased Program Function Relocation

Roosevelt Hall
Phased Program Function Relocation

Mark Jefferson
Design

Project Design Goals:

– Increase assignable space
– Improve program space efficiencies
– Increase student study and collaboration space
– Provide daylight into the center of the building
– Improve interior environment
– Improve thermal performance of the building
– Improved technology (Wi-Fi, data, and power)
Design - Project Scope

– Renovate the entire structure:
  • New building systems:
    – Mechanical & Plumbing
    – Electrical & Lighting
    – Building Envelope
  • New interior finishes, technology & furniture
  • 10,000 sf addition (south/east side)
– Enhanced Vertical Circulation and connectivity to MJSC
– Site improvements
  – Hardscape and Softscape around the structure
  – Bio-Swale
Design - Sustainable Features

- LEED Certification
  - LEED version 4
  - Striving for Silver
- Bio-Swale
- Lighting Control Systems
- Heat Recovery
- Recycled & Renewable Content
- 35% Operating Cost Savings
Design - Interior Improvements

Added classrooms & collaboration space

Natural lighting feature highlighting the programs
Design

Interior Improvements
Construction - Schedule

- Demo & Abatement currently wrapping up
- Foundation Enhancements begin mid-Nov 2017
- Steel begins mid-Jan 2018
- Building Enclosure by early Summer 2018
- Building Substantially Complete Dec 2018
Construction – Progress Photos
Construction – Fun Facts

• 100,000 bricks will be placed on new building
• 12,000 sq.ft. of exterior glass to greatly increase natural light
• The new building will have 16 miles of electrical conduit and 49 miles of wire
• Employ 200 tradespeople with an average of 50 workers daily with a peak staffing of 95 onsite
Construction

Sustainability from Construction Perspective

- Recycled over 500 tons of material to date
- Reusing existing structure
- Locally sourced materials
- Onsite recycling & sorting
Construction Opportunities for Students

Partnering with College of Technology’s Construction Management Department to provide:

• Internships
• Learning opportunities outside classroom
• Real-life experience through job shadowing in the field
Questions?
Budget Update

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 – General Fund Revenues

<table>
<thead>
<tr>
<th></th>
<th>May Budget Forum</th>
<th>Budget</th>
<th>Forecast/Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total SCH</td>
<td>482,000</td>
<td>478,000</td>
<td>473,000</td>
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<tr>
<td>UG Tuition Increase</td>
<td>3.8%</td>
<td>3.91% ($474 State Max)</td>
<td>3.91% ($474 State Max)</td>
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<tr>
<td>GD Tuition Increase</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>State Approp. Increase</td>
<td>1.9%</td>
<td>1.9%</td>
<td>1.9%</td>
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<tr>
<td>Other Revenues Increase</td>
<td>5.0%</td>
<td>5.0%</td>
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FY 2018 Budgeted Expenses

2017 vs. 2018 Budgeted Expenses

$307.9 million

2018

Salaries & Benefits $183.5
Financial Aid $55.5
SSM - Variable $14.1
SSM - Fixed $16.5
Debt, Asset Preservation, Utilities $22.4
Other $15.9

2017

Salaries & Benefits $189.3
Financial Aid $53.2
SSM - Variable $14.1
SSM - Fixed $16.5
Debt, Asset Preservation, Utilities $22.2
Other $17.0
Revenue Challenges – State Appropriations

Lost appropriations revenues since 2009 levels - $61.3m
Adjusted Operating Expenses Trend

Adjusted Operating Expenses

Millions

$285
$290
$295
$300
$305
$310
$315
$320

2013: $295.7
2014: $301.8
2015: $306.9
2016: $310.9
2017: $316.7

5 Yr. CAGR – 1.38%

Operating Expenses adjusted for scholarships & fellowships expenses
EMU Financial Results

EMU Operating Surplus (Deficit)*

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

$65.4m in annual losses 2011-2017
Revenue Budget to Actual

Tuition and Related Fees – As of 10/2017

- FY17 YTD Actual: $112.3
- FY18 YTD Actual: $110.6
- FY18 YTD Budget: $112.7

YoY – Down $1.7m (1.5%)
Budget to Actual - Down $2.1m (1.9%)
Revenue Budget to Actual

Revenues - Budget to Forecast – As of 10/2017

- **State Appropriations**: At Budget
- **Aux Activities**: 0.4% Below
- **Investment Income**: $0 Budget
- **Other Fees**: 18.8% Above

*FY17 YTD Actual* | *FY18 YTD Actual* | *FY18 YTD Budget*
Expenses Budget to Actual

Expenses - Actual to Forecast to Budget – As of 10/2017

Personnel & Fringes: 3.4%
Financial Aid: (3.6)%
SS&M: (1.1)%
Aux Activities: 1.1%

FY17 YTD Actual  FY18 YTD Actual  FY18 YTD Budget
Full Year Budget to Forecast

Tuition and Related Fees - Full Year Forecast

- FY 17 Actual: $223.8
- FY 18 Forecast: $223.0 (1.2% Under Budget)
- FY18 Budget: $225.6
### Full Year Budget to Forecast

#### Other Revenues - Full Year Forecast

- **State Appropriations**
  - FY 17 Actual: $74.2
  - FY 18 Forecast: $75.2
  - FY 18 Budget: $75.2
  - **On Budget**

- **Aux Activities**
  - FY 17 Actual: $54.9
  - FY 18 Forecast: $55.2
  - FY 18 Budget: $54.9
  - **0.5% Over Budget**

- **Investment Income**
  - FY 17 Actual: $2.1
  - FY 18 Forecast: $0.6
  - FY 18 Budget: $-

- **Other Fees**
  - FY 17 Actual: $8.7
  - FY 18 Forecast: $8.3
  - FY 18 Budget: $7.1
  - **16.9% Over Budget**

#### Budget Variance
- **Over Budget**
  - State Appropriations: 0.5%
  - Aux Activities: 0.5%
  - Other Fees: 16.9%

### Revenue Streams
- **State Appropriations**
- **Aux Activities**
- **Investment Income**
- **Other Fees**

### Note
- The chart illustrates the budget forecast for FY 18 compared to actual FY 17 spending, highlighting areas over budget and those in line with budget expectations.
Full Year Budget to Forecast

Expenses - Full Year Forecast

- **Personnel & Fringes**
  - FY 17 Actual: $196.4
  - FY 18 Forecast: $187.7
  - FY 18 Budget: $183.5
  - 2.3% Over Budget

- **Financial Aid**
  - FY 17 Actual: $54.1
  - FY 18 Forecast: $54.8
  - FY 18 Budget: $55.5
  - 1.3% Under Budget

- **SS&M**
  - FY 17 Actual: $36.7
  - FY 18 Forecast: $35.7
  - FY 18 Budget: $35.9
  - 0.6% Under Budget

- **Aux Activities**
  - FY 17 Actual: $51.0
  - FY 18 Forecast: $56.1
  - FY 18 Budget: $54.9
  - 2.2% Over Budget
Next Steps

1. Voluntary Early Retirement Incentive Program (VERIP) yielded 34 retirees
2. Additional expense reductions required to balance
3. FY19 likely to have additional revenue decrease
Next Steps

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

- Decrease Expenses
  - Adjusted operations to reflect current activity level
  - Consolidate redundant operations
Questions?