

Welcome!!

February 18, 2014 – Campus Forum

Strategic Planning Update – President Susan Martin

Budget Update – CFO John Lumm



EMU Mission, Vision, Values

- **MISSION: (APPROVED/ISPC 10-26-2012)**

EMU enriches lives in a supportive, intellectually dynamic and diverse community. Our dedicated faculty balance teaching and research to prepare students with relevant skills and real world awareness. We are an institution of opportunity where students learn in and beyond the classroom to benefit the local and global communities.

- **VISION: (APPROVED/ISPC 10-26-2012)**

Eastern Michigan University will be a premier public university recognized for student-centered learning, high quality academic programs and community impact.

- **CORE VALUES: (APPROVED/ISPC 11-13-2012)**

Excellence – We provide an exceptional environment to our faculty, staff, and students. We improve our performance continuously and strive to be the best in everything we do.

Respect – We care for our people, communities and the environment and show respect for the dignity of the individual.

Inclusiveness – We create an environment that supports, represents, embraces and engages members of diverse groups and identities.

Responsibility – We are accountable – individually and in teams – for our behaviors, actions and results. We keep commitments.

Integrity – Integrity and transparency are critical to our institutional effectiveness. We pursue the highest level of personal, intellectual, academic, financial and operational integrity within the University community.

Strategic Themes

Student Engagement and Success

Descriptor: Foster an environment where students have the greatest opportunity to engage in purposeful learning and involvement so that they can successfully meet and maximize their education goals.

High Performing Academic Programs and Quality Research

Descriptor: Support and foster high quality academic and research programs that serve a demonstrated need in the community/region.

Institutional Effectiveness

Descriptor: Ensure EMU has the systems and processes in place that support the mission of the institution as efficiently as possible, while fostering innovation, diversity and ethical conduct in the workplace.

Service and Engagement

Descriptor: Support community engagement and collaborations that create a mutually beneficial exchange of knowledge and experiences.

Student Engagement and Success

- **Goal 1:** Create and expand purposeful learning opportunities inside and outside classrooms, in the community and globally.
 - **Objective 1.1:** Document, review and continue to expand field experiences (internships, practicum, co-op activities), leadership trainings, academic service learning, community engagement, and other learning opportunities across the university and beyond.
 - **Objective 1.2:** Continue to strengthen and cultivate distinctive and compelling experiences through undergraduate research programs and interactions with faculty.
- **Goal 2:** Develop a comprehensive and systematic approach to improve services and processes that enhance student persistence and graduation.
 - **Objective 2.1:** Identify, design and implement seamless connections among academic/non-academic programs and services that facilitate student persistence and graduation.
 - **Objective 2.2:** Connect students through existing structures to resources that will support student well-being across the university (e.g., academic, social, physical, emotional, financial).
 - **Objective 2.3:** Use technology to optimize the delivery of student services.
- **Goal 3:** Prepare students to successfully and meaningfully interact with people from diverse backgrounds.
 - **Objective 3.1:** Support students in becoming actively engaged global citizens with strong cultural awareness.
 - **Objective 3.2:** Build a university culture in which respect, responsibility, pride and diversity are valued, encouraged and celebrated.

High Performing Academic Programs and Quality Research

- **Goal 1:** Provide students with high-quality instruction and learning experiences.
 - **Objective 1.1:** Recruit and retain talented faculty.
 - **Objective 1.2** Ensure the General Education program meets the needs of students to thrive in society.
 - **Objective 1.3:** Ensure faculty and instructors are supported to keep up with pedagogical and technological advances in the classroom and online.
 - **Objective 1.4:** Create and support innovative academic programs and pedagogy.
 - **Objective 1.5:** Ensure classrooms are equipped with appropriate equipment and resources.
- **Goal 2:** Increase research to attract external funding and improve student education, with a focus on graduate education.
 - **Objective 2.1:** Increase research and creative activities.
 - **Objective 2.2:** Increase sponsorship of academic research and creative activities (grants, endowments, etc.).
 - **Objective 2.3:** Systematically address staffing and infrastructure costs of scholarship (lab equipment, data curation, library costs).
- **Goal 3:** Ensure there are systematic processes in place to create, maintain or expand programs.
 - **Objective 3.1:** Develop a process for identifying programs to be created, expanded or maintained.
 - **Objective 3.2:** Encourage growth of successful existing programs and reallocate resources from programs that have outlived their usefulness or can be right-sized.
 - **Objective 3.3:** Create a framework for the development of new academic programs that meet community/ regional and market needs.

Institutional Effectiveness

- **Goal 1:** Foster a diverse, ethical, and respectful workplace that supports the university's mission.
 - **Objective 1.1:** Develop and recruit leadership that reflects the diversity of the student body.
 - **Objective 1.2:** Encourage leaders to model ethical behavior.
 - **Objective 1.3:** Support employees in becoming actively engaged citizens with strong cultural awareness.
 - **Objective 1.4:** Facilitate effective, timely and transparent communication among university stakeholders.
- **Goal 2:** Improve our processes and resource allocation to enhance operational effectiveness and fiscal stewardship.
 - **Objective 2.1:** Examine university processes for improvement and functional realignment, and implement resource allocation to improve performance.
 - **Objective 2.2:** Invest in professional development and formulate an institutional knowledge management program to support succession planning.
- **Goal 3:** Establish a culture of innovation by recognizing and rewarding new or creative processes and initiatives.
 - **Objective 3.1:** Establish mechanisms to encourage and support effective innovation.
 - **Objective 3.2:** Establish division/department goals and incentives for innovative revenue generation and cost reduction.

Service and Engagement

- **Goal 1:** Enhance community partnerships with EMU.
 - **Objective 1.1:** Enhance and disseminate Academic Service – Learning opportunities.
 - **Objective 1.2:** Create institutional infrastructure and leverage EMU resources and talent to serve the community and Michigan as a whole.
- **Goal 2:** Improve community perceptions of EMU.
 - **Objective 2.1:** Effectively utilize university activities (including athletic and arts related activities, etc.) as vehicles toward engaging the community and improving perceptions of EMU.
 - **Objective 2.2:** Institute activities and procedures to ensure environmental sustainability and awareness at EMU.

Budget Update

EMU Budget Update – February 2014

- Eleventh in series of budget discussions with President Martin that began in the Summer of 2009
- Focus of budget forums is on Eastern's budget, financial position and external economic factors impacting us

Today's Topics

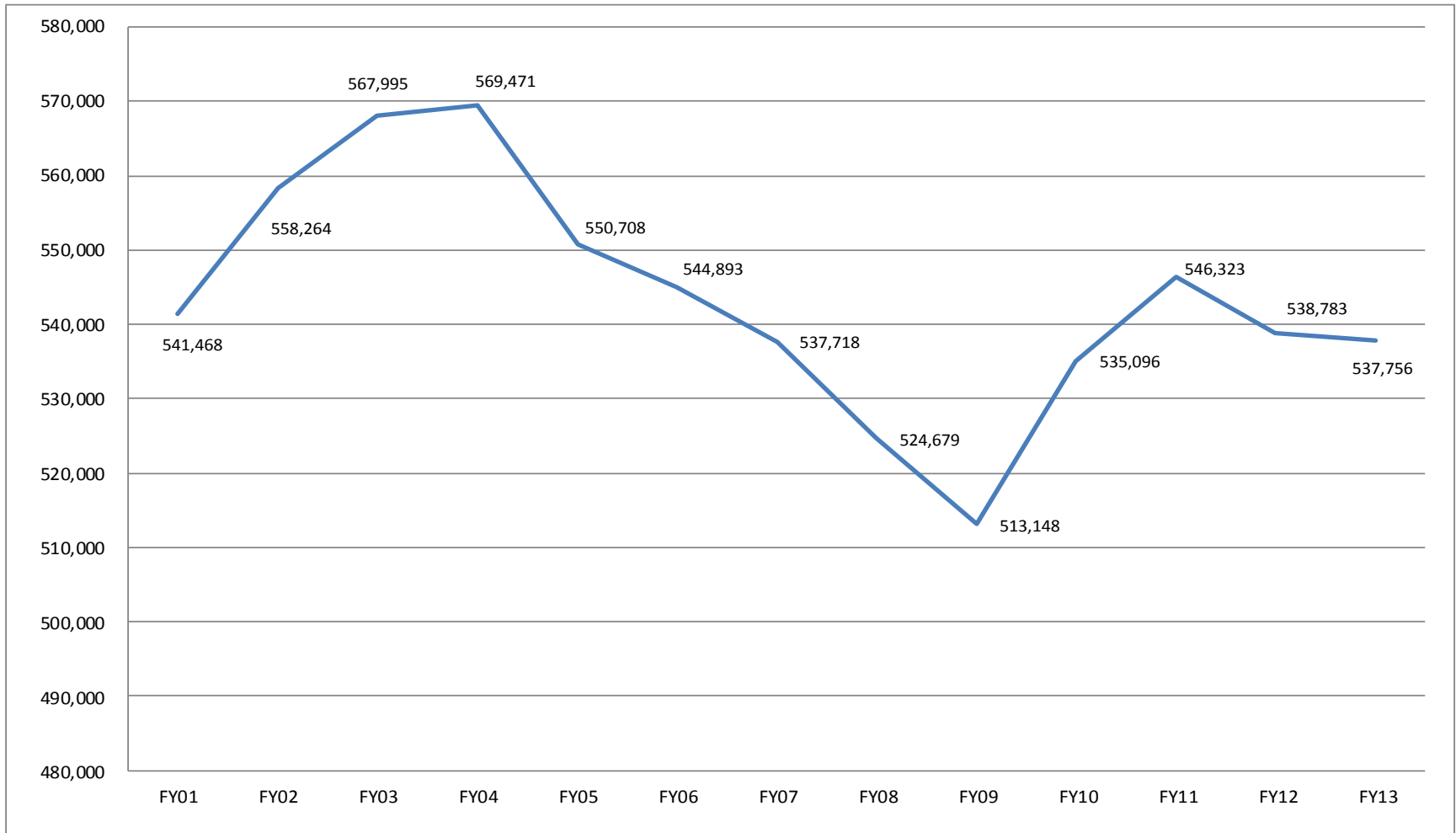
- A Look Back – Investing for Growth
- Current Financial Position
- FY2013-14 Budget Outlook
- FY2014-15 Budget Development and Five Year Financial Plan

A Look Back – Investing for Growth

- Enrollment and student credit hours peaked in 2003-04 then declined for five consecutive years through 2008-09
- Stabilizing, then beginning to grow enrollment a key 2008 priority. Strategies focused on:
 - Maintaining high-quality affordable education for students
 - Invested in new academic programs and student success
 - Administrative staffing reduced, faculty levels maintained
 - Increased University-sponsored financial aid significantly
 - Increased tuition modestly – EMU leader in tuition restraint
 - Investing in facilities - \$220M capital spending over five years
 - Campus-wide investment – Science Complex addition; renovations to Pray-Harrold/other academic buildings; housing and other campus facilities; technology and infrastructure

Student Credit Hours

- Despite challenging demographics in Michigan and a highly-competitive market, enrollment and student credit hours have grown since 2008-09



Current Financial Position

- Capital investment in campus contributed to enrollment turnaround, but as expected, additional borrowing and use of reserves to fund investment has placed strain on Eastern's financial position and Balance Sheet

	<u>FY2008-09</u>	<u>FY2012-13</u>
Student Credit Hours	513,148	537,756
Long Term Debt	\$ 146 M	\$ 240 M
Unrestricted Net Assets	\$ 54 M	\$ 25 M

- Campus facilities significantly improved, but more still needs to be done – challenging, given limited capacity to issue additional debt or to use reserves to enhance and maintain beautiful, historic 164 year old campus with state of the art living and learning facilities.
- Ongoing capital funding and spending in current budgets not adequate – \$8M-\$10M annually with depreciation of \$15M

FY2013-14 Operating Budgets

- Small operating deficits the last two years – FY12 and FY13 – following three years of small surpluses
- Two primary operating budgets
 - General Fund - \$296M (balanced revenues and expenses)
 - Auxiliaries - \$44M (housing, dining, apartments, parking, 7 others)
- General Fund – Key Budget Assumptions:
 - Revenue:
 - 1% SCH growth to 544,000 hours
 - 3.75% tuition increase, 1.5% increase in state funding
 - Expenditures:
 - \$6.2M increase (2.1%); 60% of increase (\$3.8M) in financial aid
 - Funding for new Physician Assistant program and advising

FY 2013-14 General Fund Budget – Revenues & Expenditures

- Balanced Revenues & Expenditures - \$6.2M (2.1%) over FY12-13 budget

<u>Revenue Budget</u> (millions)	<u>Amount</u>	<u>Pct. of Total</u>
• Tuition and Fees	\$ 218.4	74%
• State Appropriation	67.6	23
• All other revenues	<u>10.4</u>	<u>3</u>
Total GF Revenue	\$ 296.4	100%

<u>Expenditure Budget</u> (millions)		
• Personnel Costs – Salaries	\$ 144.8	49%
• Personnel Costs – Benefits	<u>53.3</u>	<u>18</u>
Total Personnel Costs	\$ 198.1	67%
• Financial Aid	\$ 39.2	13
• SS&M	36.3	12
• Utilities, Debt Service, Asset Preserv.	20.1	7
• All other expenses and transfers	<u>2.7</u>	<u>1</u>
Total GF Expense	\$ 296.4	100%

FY2013-14 Budgets – Status and Outlook

- On track to meet or beat Auxiliary operating and capital budgets
- Challenges in General Fund operating budget primarily reflecting YTD credit hour shortfall to budget and costs related to public safety initiatives

<u>Credit Hours</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual O/(U)</u>	
			<u>Budget</u>	<u>Prior Year</u>
Summer B 2013	18,602	19,569	967	(2,976)
Fall 2013	252,449	250,213	(2,236)	3,083
Winter 2014	<u>234,220</u>	<u>228,170</u>	<u>(6,050)</u>	<u>(1,115)</u>
YTD	505,271	497,952	(7,319)	(1,008)
Summer A 2014	<u>38,755</u>			
Total FY13-14	544,026			

- Favorable YTD budget performance in investment income and health care claims; contingency of \$2.7M built into budget

FY2014-15 Budget Development

- Board action on 2014-15 tuition, fees and budgets at June 10 Board of Regents meeting; Room and Board rates for 2014-15 approved at March 25 Board meeting
- Governor's proposed budget - Higher Education highlights:
 - FY 2013-14 performance funding rolled into FY2014-15 base
 - 6% increase proposed in metrics-based funding state-wide
 - Eastern's metrics-based funding of \$4.6M results in 6.9% increase
 - Metrics-based funding contingent upon a tuition increase of 3.2% or less
 - Additional funding to Eastern for MPSERS and Autism programs
- Key financial considerations and priorities in developing FY2014-15 budgets and five-year financial plans include:
 - Increased ongoing funding for capital (to at least annual depreciation)
 - Conservative revenue assumptions, adequate contingency = operating surplus
 - Planned incremental improvement in financial position and balance sheet
 - Alignment of budgets and the University Strategic Plan

Institutional Effectiveness

“Ensure EMU has the systems and processes in place that support the mission of the institution as efficiently as possible, while fostering innovation, diversity and ethical conduct in the workplace.”

- Successfully meeting our near term and longer term financial challenges will require the full engagement and commitment of all of us – we all have an important role to play in improving Institutional Effectiveness.
- Innovation is essential – actions that generate new revenues or improve processes and efficiency often begin as individual ideas and no one knows your area better than you.

Comments.....Questions

Thank you for coming!

