



FY 2016 BUDGET OUTLOOK

March 2015

Budget Review & Outlook

- WSU funding situation:
 - Fixed cost structure (High percentage of costs are fixed)
 - Low tuition rates (tuition rates are on par with regional Michigan universities)
 - State support has decreased (FY 2002 \$240 M; FY 2013 \$183 M)
 - Decreases in General Fund fund balances over last several years
- WSU relied on enrollment growth and tuition increases to balance the budget from FY 2001 to FY 2010
 - FY 2001 to FY 2010: fall credit hours increased by 52,138 over this time or 1.8% per year on average; in addition, tuition rates increased by 8.3% on average
- Recently enrollment has declined and tuition restraint has prevented substantial tuition increases
 - FY 2011 to FY 2015: fall credit hours decreased by 26,605 over this time or -2.4% per year on average; in addition, tuition rates increased by 4.3% on avg.
 - FY 2016: fall credit hours are expected to continue to decline, but at a slower rate; tuition rates expected to be approximately 2.8%.
- Hopeful that Research funding will stabilize
- Governors' FY 2106 Higher Education proposed budget for WSU includes:
 - State Appropriation increase of \$1.1 M, which is a 0.6% over total general fund budget
 - Tuition restraint of 2.8% for undergraduate resident students
 - All incremental State Appropriations are conditional upon meeting requirement of tuition restraint

FY 2016 State Higher Education Budget

- Total MPU increase of 2.0% or \$26.8 M
- **Both** appropriation increase and tuition restraint *lower* than FY 2015
- No funds allocated to base restoration—all funds allocated to Performance funding
- FY 2016 WSU Allocation is \$1.1 M or 0.6%
 - Undergrad Critical Skills Awarded \$281 k
 - Research Expenditures \$350k
 - Metrics Compared to Peers \$462k
 - Six Year Graduation Rate
 - Total Degree Completion (includes graduate degrees)
 - Inst. Support as % of Core Expenditures
 - % Student Receiving a Pell Grant
- Impact on Total General Fund Budget
 - Total General Fund Budget = \$583M
 - State allocation of \$1.1 M equates to 0.18% increase on total budget
- Requirements to receive any incremental funding:
 - Resident undergraduate tuition increase below 2.8%
- WSU Suggested Improvements for Metrics
 - Adding weights for “At-Risk” students
 - Revising Peers List to WSU peers not Carnegie Research peers
 - Larger weight in improvement and not on top 20th percentile

MPU Percent Increase

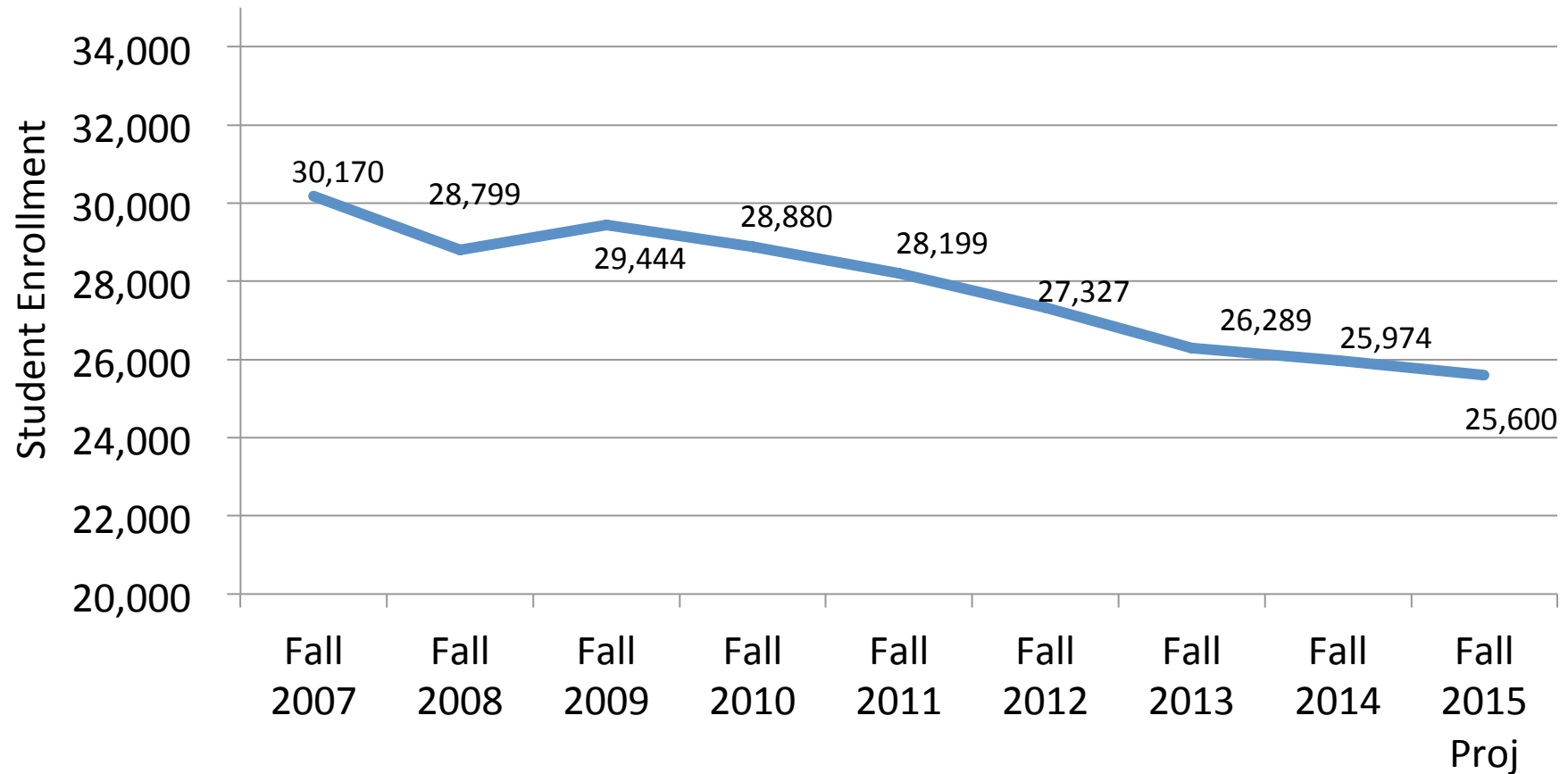
Institution	FY 2014	FY 2015	FY 2016	3 Year Avg
GVSU	4.2%	9.5%	4.0%	5.9%
OU	1.5%	6.1%	3.4%	3.7%
FSU	3.1%	7.8%	3.0%	4.6%
CMU	3.0%	7.8%	3.0%	4.6%
UM-F	2.1%	7.2%	2.5%	3.9%
NMU	2.1%	6.3%	2.1%	3.5%
MTU	2.1%	5.8%	2.1%	3.3%
EMU	1.2%	6.9%	2.0%	3.4%
LSSU	1.5%	4.6%	2.0%	2.7%
MSU	1.8%	6.1%	1.9%	3.3%
UM-AA	1.8%	5.9%	1.9%	3.2%
SVSU	1.3%	6.4%	1.8%	3.2%
WMU	1.8%	5.8%	1.8%	3.1%
UM-D	1.2%	5.4%	1.7%	2.8%
WSU	0.3%	4.0%	0.6%	1.6%

Higher Ed Changes

		[15% Cut]							
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 P	FY 2016 P	\$ Change	% Change
	State Appr.	Change	Change	Change	Change	Change	State Appr.	FY11 to FY16 P	FY11 to FY16 P
Central Michigan	\$80,132.0	(\$12,023.1)	\$3,243.4	\$2,187.8	\$5,574.9	\$2,338.1	\$81,453.1	\$1,321.1	1.6%
Eastern Michigan	\$76,026.2	(\$11,407.1)	\$1,847.6	\$808.7	\$4,495.7	\$1,414.2	\$73,185.3	(\$2,840.9)	-3.7%
Ferris State	\$48,619.2	(\$7,294.9)	\$2,926.4	\$1,385.8	\$3,450.5	\$1,487.6	\$50,574.6	\$1,955.4	4.0%
Grand Valley State	\$61,976.4	(\$9,299.0)	\$2,758.6	\$2,387.5	\$5,312.5	\$2,523.7	\$65,659.7	\$3,683.3	5.9%
Lake Superior State	\$12,694.2	(\$1,904.7)	\$1,256.6	\$184.9	\$551.5	\$249.8	\$13,032.3	\$338.1	2.7%
Michigan State	\$283,685.2	(\$42,564.4)	\$3,916.2	\$4,560.8	\$14,831.3	\$5,152.6	\$269,581.7	(\$14,103.5)	-5.0%
Michigan Tech	\$47,924.2	(\$7,190.6)	\$1,845.5	\$894.7	\$2,449.3	\$970.0	\$46,893.1	(\$1,031.1)	-2.2%
Northern Michigan	\$45,140.3	(\$6,772.9)	\$2,489.2	\$884.8	\$2,535.8	\$916.1	\$45,193.3	\$53.0	0.1%
Oakland	\$50,761.3	(\$7,616.3)	\$1,819.1	\$687.5	\$2,712.5	\$1,649.1	\$50,013.2	(\$748.1)	-1.5%
Saginaw Valley	\$27,720.7	(\$4,159.2)	\$2,095.2	\$334.3	\$1,619.2	\$498.8	\$28,109.0	\$388.3	1.4%
Univ. of Mich. - Ann Arbor	\$316,254.5	(\$47,451.2)	\$5,353.4	\$5,076.0	\$15,941.4	\$5,696.4	\$300,870.5	(\$15,384.0)	-4.9%
Univ. of Mich. - Dearborn	\$24,726.2	(\$3,709.9)	\$1,221.0	\$273.1	\$1,178.9	\$394.7	\$24,084.0	(\$642.2)	-2.6%
Univ. of Mich. - Flint	\$20,898.0	(\$3,135.6)	\$1,764.2	\$411.6	\$1,399.5	\$542.1	\$21,879.8	\$981.8	4.7%
Wayne State	\$214,171.4	(\$32,134.5)	\$1,361.4	\$0.0	\$7,121.5	\$1,093.3	\$191,613.1	(\$22,558.3)	-10.5%
Western Michigan	\$109,615.1	(\$16,446.8)	\$2,319.2	\$1,791.5	\$5,463.0	\$1,872.6	\$104,614.6	(\$5,000.5)	-4.6%
Other University Operations	\$64,807.2	(\$9,289.9)	\$2,025.0	\$6,084.1	\$7,417.5	(\$3,268.4)	\$68,967.7	\$4,160.5	6.4%
Total University Operations	\$1,485,152.1	(\$222,400.1)	\$38,242.0	\$27,953.1	\$82,055.0	\$23,530.7	\$1,435,725.0	(\$49,427.1)	-3.3%

University Total

Fall Headcount Enrollment



— Enrollment

Enrollment drop of 15% since fall 2007

FY 2016 Metrics

- For FY 2016, metrics will be used to assist in determining the reductions for the Schools and Colleges
 - Approximately 2/3 of the reductions will be informed by the metrics and 1/3 will be determined by the President & Provost
- Two new metrics have been added this year
 - Professional Test Results
 - Will examine how some of the professional programs test results compare to national and regional results
 - Community Engagement
 - Each school / college will develop a short report for the president and provost on how they are engaged in community engagement
- Metrics, where appropriate, have organized into the themes of the WSU strategic plan.

Metrics

- Student Success Metrics
 - Retention (1x)
 - FTIAC retention where appropriate
 - Fall 2009 base compared to three year average
 - Degrees Awarded (1.5x)
 - Undergraduate, Graduate and Professional Degrees included
 - Professional Tests Results Metric (1x)
 - FY 2014 Passage rates compared to National Average
- Research Metric
 - Research Expenditures per FT faculty member will be used to score each school / college (2x)
- Financial Sustainability Metric
 - Enrollment Metric (4x)
 - Fall 2011 (actual) to Fall 2015 (projection)
 - Credit Hours (50% weighted on where course was offered and 50% weighted on student major)
 - Philanthropy (2x)
 - FY 2011 base year compared to three year average
 - » FY 2012 to FY 2014
 - Profitability (2x)
 - Only direct revenues and expenses considered Only scholarships, utilities attributed to the school will be used in allocation
 - Put all weight on (2X) “Margin Changes”
 - State Appropriations and overhead not included in this analysis

Review of FY 2016 Assumptions

Revenue Assumptions

- State Appropriations
 - FY 2016 = 0.6%

- Tuition & Fees
 - Rate increase of 2.8% for both years (and all programs)
 - Tuition Freeze for future years

- Enrollment Changes
 - FY 2016 = -1.5%

- Indirect Cost Recovery
 - FY 2016---3% increase

- Investment Income
 - FY 2016—stable

Expenditure Assumptions

- Compensation & Fringes:
 - 2.75%

- Financial Aid 2.8%

- Utilities 3.0%

- Additional initiatives:
 - Rainy Day \$2.6 M
 - Campaign \$0.5 M
 - Retention \$0.5 M
 - Apex Bridge \$0.3 M
 - Deans Faculty Lines \$0.5 M
 - iBio Lines \$0.5 M
 - Start Up \$0.0 M
 - Rising Scholars \$0.3 M
 - FY 2015 Fin Aid \$0.4 M
 - TOTAL \$5.6 M

Review of FY 2016 Assumptions

Revenues

– State Appropriations	\$1.1 M
– Tuition & Fees	\$4.6 M
– ICR	\$0.8 M
– <u>Rainy Day Fund</u>	<u>(\$2.6 M)</u>
– Total Revenues	\$3.9 M

Expenditures

– Compensation	\$10.6 M
– <u>Gen Expense</u>	<u>\$3.6 M</u>
– Total Expenditures	\$14.2 M
– VARIANCE	(\$10.3 M)
• Cut amount against base of \$340 = 3.0%	
– Initiatives (w/o Rainy Day)	\$3.0 M
• Additional cuts needed of 1.0% needed to cover initiatives	

Summary

- Approximate budget reductions of 4%
- Why reductions?
 - State gave WSU an additional \$7 M last year; this year it is \$1 M
 - Tuition Cap was 3.2% last year; this year 2.8%
 - Need to (re)fund Rainy Day fund \$2.6 M
 - Enrollment decreases of 1.5%
 - Limited changes to expenditure base.
- Budget Hearings with each Dean and Vice President will be held between mid-April and mid-May