

2009-10 Budget Overview

April 23, 2009

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Continued Budget Uncertainty

- Depth and duration of Michigan's economic circumstances remain unclear. At this time, MSU budget plans recognize the likelihood of a significant reduction of state support over the period of several years.
- The University General Fund is planning for internal budget reductions of 4, percent, 4 percent and 2 percent over the next three years.
- Activities across the campus are engaged in this planning process.

Appropriation

(Based on House Bill)

	<u>Current Estimate</u>	<u>1% Value</u>
General Fund	-3%*	\$2.93M
AES	-3%*	\$0.34M
Plus: Bioeconomy	\$2.35M	
CES	-3%*	\$0.29M
Plus: Bioeconomy	\$1.15M	

*Current proposal calls for a one-time offset to these permanent reductions through the use of Federal stimulus funds.

Enrollment - Financial Aid - Tuition

- Enrollment projections are increasingly sensitive to tuition and fee rates. To date, MSU is experiencing a 30 percent increase in student-aid-grant eligible students. Of that number, approximately 1,200 are returning students, applying for aid for the first time.
- While MSU applications are stable, some Michigan institutions are experiencing application increases of up to 20 percent. At the national level, preliminary evidence suggests students are attending lesser cost (closer to home) institutions as opposed to their potential first choices.
- MSU 2009-10 planning anticipates tuition increases in the range of the Higher Education Price Index, between 4 and 5 percent. Planned financial aid adjustments total 15 percent. In the event that stimulus funds become available, current planning anticipates application first to offset tuition increases for resident undergraduates.

Financial Aid

	<u>2008-09</u>	Projected <u>2009-10</u>	<u>Change</u>
Student Aid Grants			
Number Eligible	7,707	10,297	33.61%
Average Award	\$3,521	\$3,782	7.41%
 MSU Assistance Grants (Just-above-Pell)			
Number Eligible	2,425	2,475	2.06%
Average Award	\$1,313	\$1,534	16.83%

Financial Aid

	<u>2008-09</u>	Projected <u>2009-10</u>	<u>Change</u>
Spartan Advantage Entering Class			
Number Eligible	341	676	98.24%
Average Award	\$4,492	\$5,475	21.88%
 Spartan Advantage Total Program*			
Number Eligible	1,062	1,410	32.77%
Average Award	\$4,492	\$5,475	21.88%

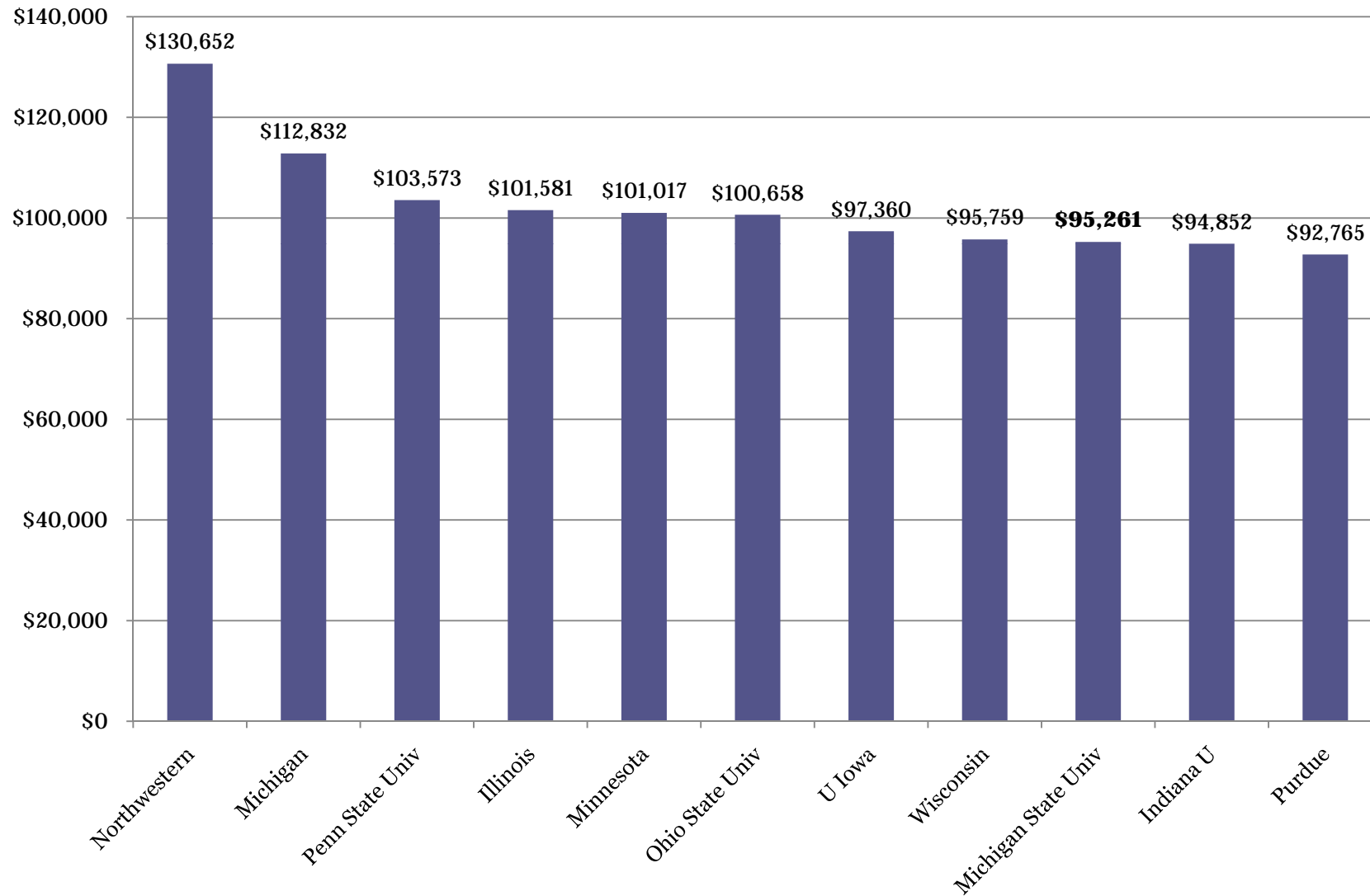
*Includes fourth cohort

Compensation

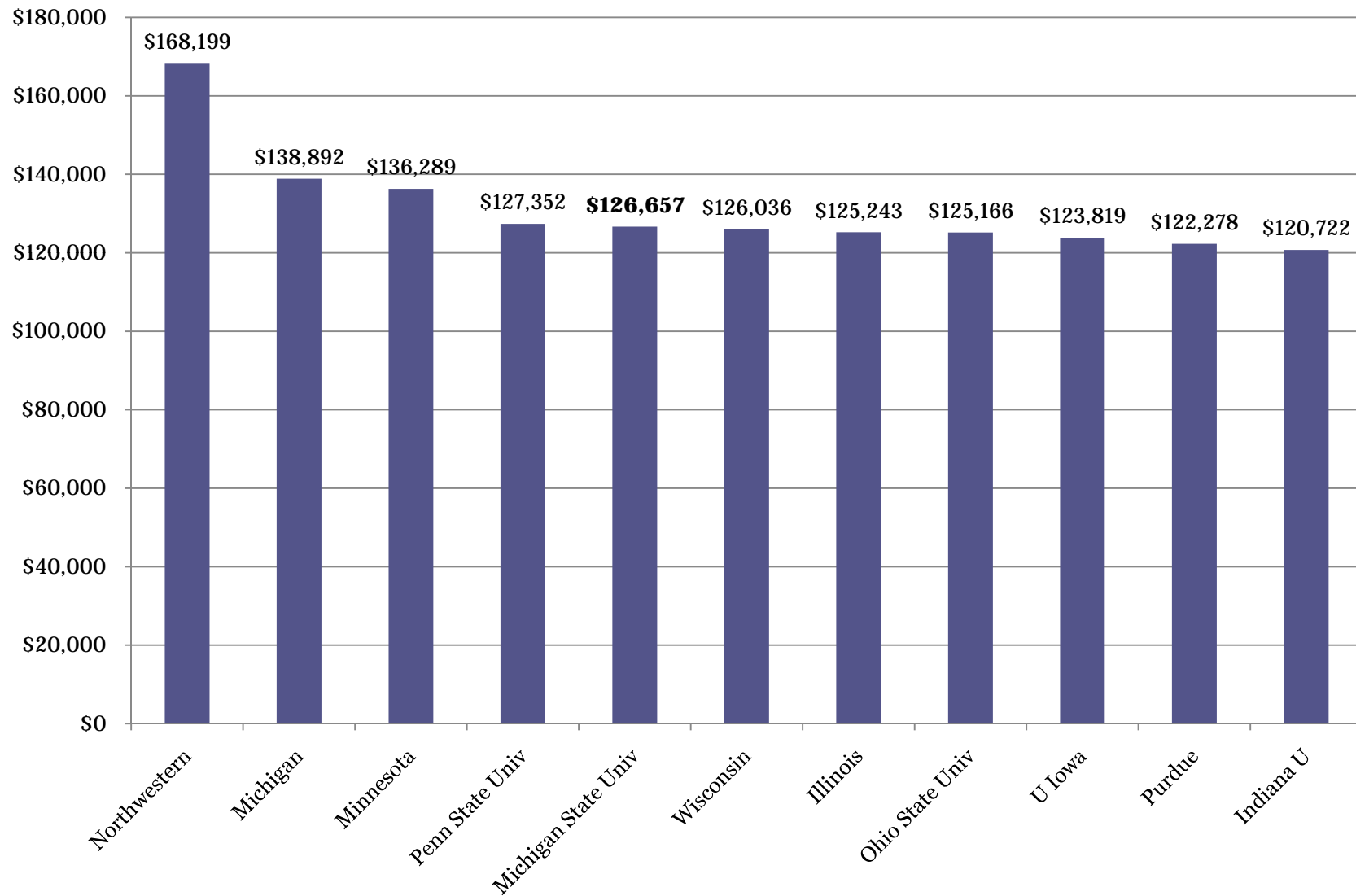
	<u>Current Estimate</u>	<u>1% Value</u>
Faculty & Academic Staff	Discussion Item	\$2.2M
	UCFA recommendation at 2.5%	
Collective Bargaining Groups*	2.75%	\$1.2M
Graduate Assistants	2.75%	\$0.35M
Student Labor	2.75%	\$0.1M

* Collective bargaining groups follow variable calendars for contract renewal. Amount above represents the increase for the leading groups in the process.

2008-09 Big Ten Faculty Salary



Big Ten Faculty Compensation



Other Institutions

Big Ten

Faculty Salary Increase

Illinois	0% probable
Indiana	Freeze for senior administrators
Iowa	Too early
Minnesota	0 % probable
Northwestern	Small but not yet determined
Ohio State	0% President, Provost, senior admin 2.5% for Deans/chairs merit
Penn State	0% except for collective bargaining
Purdue	No decision, 0 possible
Wisconsin	Na

Employee Benefits

	<u>Current Estimate</u>	<u>1% Value</u>
Health Care	5.00%	\$0.67M
Other Benefits	3.00%	\$0.90M

Other Expenditure Elements

	<u>Current Estimate</u>	<u>1% Value</u>
Utilities	10.80%	\$0.41M
Support to Operate New Space	\$0.8M	n/a
Supplies & Services	2.00%	\$0.85M
Operations (Include debt service, TLE, library acquisitions)	4.00%	\$0.65M

Next Steps

- Budgets for the 2009-10 period are under development and will be submitted to the Board of Trustee for action later in the Spring.
- The state and national economic circumstances remain unpredictable. MSU planning is based on our best assessment of these circumstances.
- We are committed to keeping the University community informed as changes occur.
- The budget.msu.edu web site will post updated information as it becomes available.