

# Board of Trustees Budget Update

# FY10 Governor's Recommended Budget-Operating Appropriations

	<u>Actual FY 2009</u>	<u>Executive Recommendation FY 2010</u>	<u>% Change</u>
Agricultural Experiment Station	\$34,336,200	\$0	
Cooperative Extension Service	\$29,615,500	\$0	
	<b>\$63,951,700</b>	<b>\$32,000,000</b>	<b>-50.0%</b>

- Equates to 1,000 jobs
- Other funds impacted - \$15.6M Fed appropriations, \$21M county resources, \$100M plus sponsored programs
- Leverages economic impact on Michigan - \$1B plus

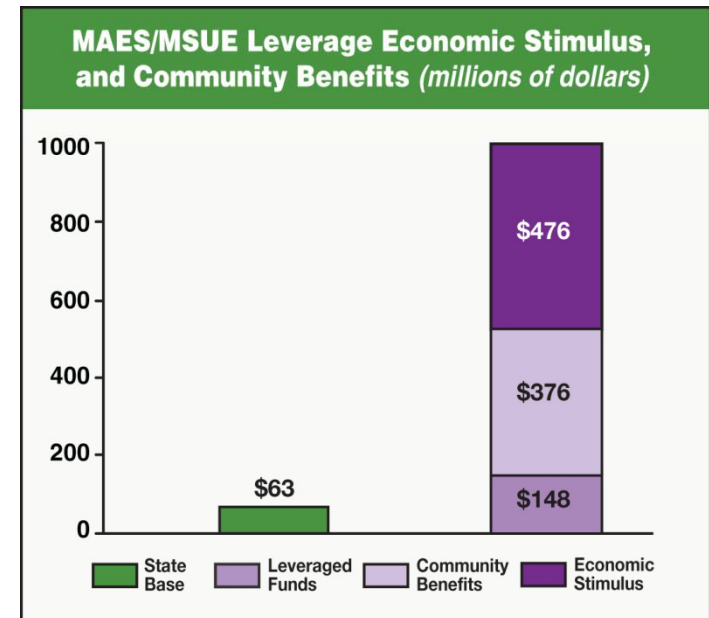
# MAES and MSUE Budget Recommendations- Programmatic Impact

**Leverage:** Every dollar the state invests in the Michigan Agricultural Experiment Station (MAES) and MSU Extension (MSUE) leverages an additional **\$2.33** in federal funds and external contracts, grants and other revenues to serve the state's residents.

**Community Benefits:** For every dollar invested, the MAES/MSUE research and Extension programs generate an estimated **\$5.94** of benefits to the state and nation.

**Economic Stimulus:** Every dollar the state invests in MAES/MSUE stimulates another **\$1.81** in state economic activity and state tax revenues.

**Cost/Benefit Ratio:** Combining the above effects along with the additional tax revenue returns to the state results in a ratio of economic and social benefits to net state economic costs of **16:1**.



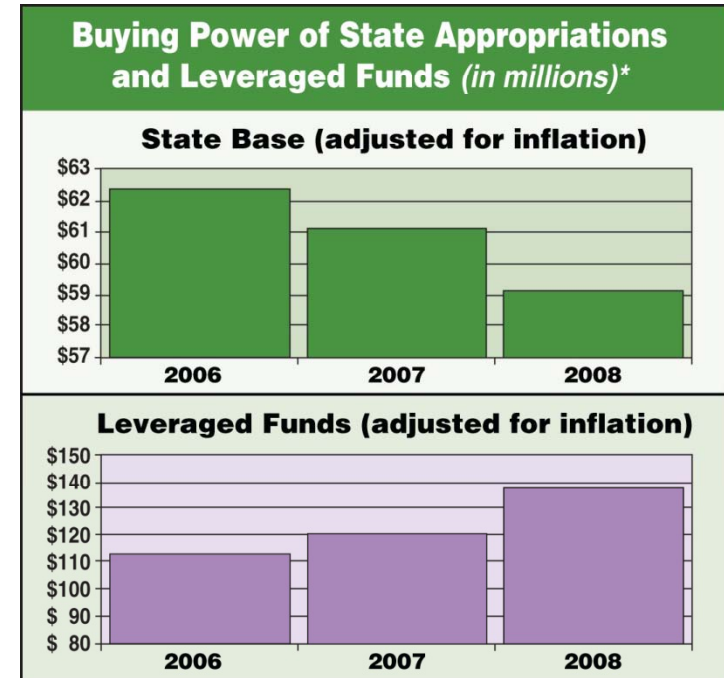
The state's \$63 million investment in the MAES and MSUE generates nearly \$1.1 billion for Michigan's citizens.

# MAES and MSUE Budget Recommendations- Programmatic Impact

Since 2006, the buying power of state appropriations to MAES and MSUE has declined by 5.2 percent while at the same time, the buying power of leveraged funds generated by MAES and MSUE has increased by 22.7 percent.

The MAES and MSUE represent important long-term investments in two of MSU's three primary missions—research and extension. Significant cuts to any single arm of the university's mission weaken the overall structure, lessen its ability to serve the state and are not easily replaced.

As integral components of a major land-grant research institution, MAES and MSUE should be positioned for budgetary consideration alongside the state's other research institutions.



Though base funding has remained nearly constant in each of the last three years, the buying power of these funds has decreased. However, leveraged funds generated by MAES and MSUE have increased in buying power over these same years. In 2006, each \$1 the state invested in MAES and MSUE returned an additional \$1.81. In 2008, each \$1 generated another \$2.33.

\*Based on 2006 values.

# MAES and MSUE Budget Recommendations- Programmatic Impact

- Helping grow Michigan's biobased economy will require a well-planned research agenda, a progressive education effort and support for a rapidly changing industry.
- MAES and MSUE continually work to realign service and program units to make best use of resources while providing cutting-edge research and educational programs that meet Michigan residents' stated needs.
- For more information please contact:
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  - Steven G. Pueppke, director, MAES (517-355-0123 or maesdir@msu.edu)
  - [www.msue.msu.edu](http://www.msue.msu.edu)
  - [www.maes.msu.edu](http://www.maes.msu.edu)

# FY10 Governor's Recommended Budget-Operating Appropriations

	<u>Actual FY 2009</u>	<u>Executive Recommendation FY 2010</u>	<u>% Change</u>
<b>Michigan State University (GF)</b>	<b>\$293,041,200</b>	<b>\$283,909,000</b>	<b>-3.1%</b>
Higher Education Operations	\$1,463,269,600	\$1,420,650,100	-3.0%
Community Colleges	\$299,360,500	\$299,360,500	0%

# 2009-10 Budget Development

## "What if Analysis"

The analysis is intended to broadly present budget options available to the university at this time. Options include the rate of change for significant variables, and funding alternatives including reductions or tuition increases

<u>Illustrative Revenues</u>	<u>Increment</u>	<u>Dollars</u>	<u>Positions</u>	<u>Tuition</u>
Appropriation	4%	\$11.72M	195	2.45%
Based on five year Higher Education Price Index average		(Saves)	(Saves)	(Saves)
Appropriation	0%	\$0M	0	0.00%
Appropriation	-3%	\$8.7M	145	1.80%

## “What if Analysis”

<u>Illustrative Expenditures</u>	<u>Increment</u>	<u>Dollars</u>	<u>Positions</u>	<u>Tuition</u>
<b><i>Operations</i></b>				
Employee Salary Adjustments (Range from apx 2% to 2.5%)	Range	\$17M	283	3.50%
Health Care Increase	8.50%	\$5.7M	95	1.20%
Energy/Utilities	10.80%	\$4.2M	70	1%
Supplies and Operations	3.70%	\$5.6M	94	1.20%
Financial Aid (Above tuition and fee rate)	3.40%	\$2.4M	40	0.50%
	<b>Sub-Total</b>	<b>\$34.7M</b>	<b>582</b>	<b>7.4%</b>
<b><i>Stewardship-Framework</i></b>				
Advancement/University Relations		\$2.6M	42	0.50%
Computing (Year 3/5)		\$2.5M	41	0.50%
Critical Space Needs		\$2.2M	38	0.50%
	<b>Sub-Total</b>	<b>\$7.3M</b>	<b>121</b>	<b>1.5%</b>
	<b>Total</b>	<b>\$42M</b>	<b>703</b>	<b>8.9%</b>

Routine financial aid increases netted against tuition