Topics

- Higher Education Budget Trends & Highlights
  - National
  - State
  - Wayne State University

- FY 2009 Budget
  - New State Funding Formula
  - FY 2009 Periodic Budget Table
National & State Trends
10-Year Increases in Higher Education Budgets by State (FY 1998 to FY 2008)

National Average: 63%
Michigan: 16%
State of Michigan
Higher Education Appropriations vs. FYES

Actual State Approp.
Inflation Adj. State Approp.
If Higher Ed share of funding “pie” had remained constant since FY 2001, the HE budget would be $450 M higher.
State of Michigan: Structural Deficit Projections

Source: Citizens Research Council
State of Michigan
General Fund General Purpose Revenues:

Revenue Estimates

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>HFA</td>
<td>8</td>
<td>9</td>
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<tr>
<td>SFA</td>
<td>9</td>
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<tr>
<td>Admin</td>
<td>8</td>
<td>9</td>
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Revenue Growth

<table>
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<tr>
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<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tr>
<td>HFA</td>
<td>0.11</td>
<td>0.11</td>
<td>0.11</td>
</tr>
<tr>
<td>SFA</td>
<td>0.09</td>
<td>0.09</td>
<td>0.09</td>
</tr>
<tr>
<td>Admin</td>
<td>0.09</td>
<td>0.09</td>
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</table>

January Revenue Conference
WSU FINANCIAL PICTURE
General Fund Revenue

FY 2001--$381 M

FY 2008--$504 M

Note: FY 2008 Includes offset of State Appropriation Reserve (Contingency Fee)
Wayne State University
State Appropriation
FY 1995 to FY 2008

State appropriation if raised at the rate of inflation since 2002

Funding Gap $75 M
State Appropriations per Resident FYES (FY 1995 to FY 2007)

Changes from FY 1995 to FY 2007*: UM -1.4%; MSU -6.2%; WSU -6.6%

Note: FYES FY 2007 numbers are estimates; FY 2007* include impact of state budget cuts to date
State Appropriations & Tuition per Resident FYES (FY 1995 to FY 2007)

Note: FYES FY 2007 numbers are estimates; FY 2007* include impact of state budget cuts to date
## How the FY 2008 Tuition Rates Compare?

**FY 2008 Rates-Tuition & Fees for Full Year**

<table>
<thead>
<tr>
<th>Institution</th>
<th>FY 2008</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>UM-AA</td>
<td>$10,447</td>
<td>7.4% or $724</td>
</tr>
<tr>
<td>MTU</td>
<td>$9,829</td>
<td>9.3% or $919</td>
</tr>
<tr>
<td>MSU</td>
<td>$9,640</td>
<td>9.6% or $847</td>
</tr>
<tr>
<td>CMU</td>
<td>$9,120</td>
<td>21.1% or $1,590</td>
</tr>
<tr>
<td>FSU</td>
<td>$8,580</td>
<td>19.2% or $1,380</td>
</tr>
<tr>
<td>UM-D</td>
<td>$8,008</td>
<td>7.9% or $586</td>
</tr>
<tr>
<td>WSU</td>
<td>$7,844</td>
<td>15.1% or $1,032</td>
</tr>
<tr>
<td>Oakland</td>
<td>$7,575</td>
<td>14.1% or $937</td>
</tr>
<tr>
<td>EMU</td>
<td>$7,572</td>
<td>7.9% or $555</td>
</tr>
<tr>
<td>WMU</td>
<td>$7,560</td>
<td>5.5% or $394</td>
</tr>
<tr>
<td>LSSU</td>
<td>$7,346</td>
<td>7.9% or $538</td>
</tr>
<tr>
<td>UM-F</td>
<td>$7,343</td>
<td>6.4% or $441</td>
</tr>
<tr>
<td>GVSU</td>
<td>$7,240</td>
<td>9.9% or $652</td>
</tr>
<tr>
<td>NMU</td>
<td>$6,909</td>
<td>9.4% or $593</td>
</tr>
<tr>
<td>SVSU</td>
<td>$6,258</td>
<td>12.9% or $715</td>
</tr>
</tbody>
</table>

WSU is in the bottom quartile for students taking 12 credits.
UG Student Credit Hour Load
Fall 2001 & Fall 2006

Credit Hours per Semester

Full Time Student = 12 hours
Do Tuition Increase Influences Enrollment?
Annual % FYES Changes vs. % Tuition Increases
FY 1997 to FY 2007
Net Costs as a % of Tuition & Fees for Undergraduate Freshman

FY 2008

Tuition & Fees $7,844
Avg. Financial Award (est) $4,529
Net Tuition $3,315
FY 2008 Current Fund Budget

Expenditures

Total Expenditures $778 M

- **Primary Mission 57%**
  - Instruction/Public Service: $327 M
  - Expenditures associated with faculty compensation
  - Research: $114 M
  - Expenditures associated with sponsored award activity

- **Support Programs 31%**
  - Scholarships: $66 M
  - Expenditures associated with financial aid for the University
  - Institutional Support: $56 M
  - Expenditures associated with administrative operations of the University
  - Academic Support: $72 M
  - Expenditures associated with supporting academic mission such as the Library

- **Plant Operations 8%**
  - Operations & Maintenance $60 M

- **Transfers 4%**
  - Debt Service/ Plant Improvement-$30 M
WSU Expenditure Trends:
Instruction & Institutional Support
as a % of Total GF Expenditures
(FY 2001 to FY 2008)
Wayne State University
Expenditure Increases vs. HEPI & CPI
FY 1997 to FY 2008

Avg. Expend increase: 4.1%; HEPI Avg. 4.1%; CPI Avg. 2.6%
HEPI = Higher Education Price Index; CPI = Consumers Price Index
Headcount Enrollment
Fall & Winter Term Only
10 Year History

Avg Growth Rate FY 2004 to FY 2008:
- Fall 0.1%
- Winter 0.0%

Avg Growth Rate FY 1999 to FY 2008:
- Fall 0.7%
- Winter 0.4%
Total Credit Hours
Fall & Winter Terms Combined
10 Year History

Credit hours


Budget  Est Actuals
### FY 2008 Enrollment Update

#### Headcount

<table>
<thead>
<tr>
<th>TYPE</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>Variance</th>
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<tbody>
<tr>
<td><strong>Undergrad</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall</td>
<td>20,892</td>
<td>21,145</td>
<td>253</td>
</tr>
<tr>
<td>Winter</td>
<td>18,973</td>
<td>18,841</td>
<td>-132</td>
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<tr>
<td>Sprg/Sum</td>
<td>9,992</td>
<td>10,202</td>
<td>210</td>
</tr>
<tr>
<td><strong>Grad / Prof</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall</td>
<td>12,090</td>
<td>12,095</td>
<td>5</td>
</tr>
<tr>
<td>Winter</td>
<td>11,676</td>
<td>11,439</td>
<td>-106</td>
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<tr>
<td>Sprg / Sum</td>
<td>6,183</td>
<td>5,892</td>
<td>-291</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
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<tr>
<td>Fall</td>
<td>32,982</td>
<td>33,240</td>
<td>258</td>
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<tr>
<td>Winter</td>
<td>30,649</td>
<td>30,280</td>
<td>-369</td>
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<tr>
<td>Sprg / Sum</td>
<td>16,175</td>
<td>16,094</td>
<td>-81</td>
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Spring & Summer numbers are based on current estimates
FY 2009 Budget
Governor’s FY 2009 Higher Education Recommendation is 3.3% or $43.6 M

- Last year’s recommendation was 3.5% and higher education received a -0.5% decrease

FY 2009 recommendation includes:

- Budget for the 3 research universities--$25.0 M
- Budget for the 12 MPU--$18.6 M
- New funding formula for all of higher education
  - Formula has a provision that no institution can receive an appropriation less than CPI (2.3%)
New Higher Education Funding Formula

- New formula has three components
  - Participation: Outreach to Low-Income students
  - Research: Federal Grants & Licenses
  - Degree Completion

- Formula is the same for all institutions except:
  - Greater weight for research components for research universities
  - Includes commercial licensing as a component of research formulas for research universities

- Formula Weighting Factors

<table>
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<tr>
<th>Components</th>
<th>3 MRUs</th>
<th>12 MPUs</th>
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<tbody>
<tr>
<td>Participation</td>
<td>25%</td>
<td>35%</td>
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<tr>
<td>Research</td>
<td>25%</td>
<td>15%</td>
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<tr>
<td>Degree</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
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**Formula Components**

- **Participation ($6.25 M)**
  - Based (100%) on the percentage of Undergraduates receiving Pell Grants
  - Percent of Pell Undergraduates:
    - WSU 45%; MSU 19%; UM 12%

- **Research ($6.25 M)**
  - Federal Research Expenditures (50%); Licensing Income (25%); Active Licenses (25%)

- **Degree Completions ($12.5 M)**
  - Based on amount of degrees completed at all levels
  - Degrees in Science, Technology, Engineering, Math and Sciences are weighted at 4x from other general degrees
Formula Components

- Participation ($6.25 M)
  - Based (100%) on the percentage of Undergraduates receiving Pell Grants
    - Percent of Pell Undergraduates:
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  - Based on amount of degrees completed at all levels
  - Degrees in Science, Technology, Engineering, Math and Sciences are weighted at 4x from other general degrees
## Final Formula Allocations
### Under Gov. Recommendations

<table>
<thead>
<tr>
<th>Component</th>
<th>WSU</th>
<th>MSU</th>
<th>UM</th>
<th>Total</th>
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<tbody>
<tr>
<td>Participation</td>
<td>$3.7 M</td>
<td>$1.5 M</td>
<td>$1.0 M</td>
<td>$6.2 M</td>
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<tr>
<td>Research</td>
<td>$0.8 M</td>
<td>$1.5 M</td>
<td>$3.8 M</td>
<td>$6.2 M</td>
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<tr>
<td>Degrees</td>
<td>$2.4 M</td>
<td>$4.8 M</td>
<td>$5.3 M</td>
<td>$12.5 M</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$6.9 M</strong></td>
<td><strong>7.8 M</strong></td>
<td><strong>$10.2 M</strong></td>
<td><strong>$25.0 M</strong></td>
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| % Increase | 3.17% | 2.71% | 3.15% | 3.00 % |
What Combination of Tuition & State Appropriations does WSU Need to Balance the Budget?

<table>
<thead>
<tr>
<th>% Change of State Appropriation</th>
<th>0%</th>
<th>1%</th>
<th>2%</th>
<th>3%</th>
<th>4%</th>
<th>5%</th>
<th>6%</th>
<th>7%</th>
<th>8%</th>
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<tbody>
<tr>
<td>0%</td>
<td>$0</td>
<td>$2.55</td>
<td>$5.10</td>
<td>$7.65</td>
<td>$9.20</td>
<td>$11.75</td>
<td>$14.30</td>
<td>$16.85</td>
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<td>1%</td>
<td>$2.19</td>
<td>$4.74</td>
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<td>$9.84</td>
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<td>$14.94</td>
<td>$17.49</td>
<td>$20.04</td>
<td>$22.59</td>
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<tr>
<td>2%</td>
<td>$4.38</td>
<td>$6.93</td>
<td>$9.48</td>
<td>$12.03</td>
<td>$14.58</td>
<td>$17.13</td>
<td>$19.63</td>
<td>$22.23</td>
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<tr>
<td>3%*</td>
<td>$6.90</td>
<td>$9.45</td>
<td>$12.00</td>
<td>$14.55</td>
<td>$17.10</td>
<td>$19.65</td>
<td>$22.20</td>
<td>$24.75</td>
<td>$27.30</td>
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<tr>
<td>4%</td>
<td>$8.76</td>
<td>$11.31</td>
<td>$13.86</td>
<td>$16.41</td>
<td>$18.96</td>
<td>$21.51</td>
<td>$24.06</td>
<td>$26.61</td>
<td>$29.16</td>
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</table>

**Example:** What increases would WSU need to meet $20 M of Expenditure increases?

- **Additional Cuts Required**
- **Breakeven**
- **Allows for Strategic Investments**
Budget Calendar

- **IF** the State cooperates….

- June 18<sup>th</sup> BOG Budget & Finance Committee
  - Initial Tuition discussions

- July 30<sup>th</sup> BOG Budget & Finance Committee
  - Adoption of:
    - General Fund & Auxiliary Fund Budgets
    - Tuition & Fees Rates