

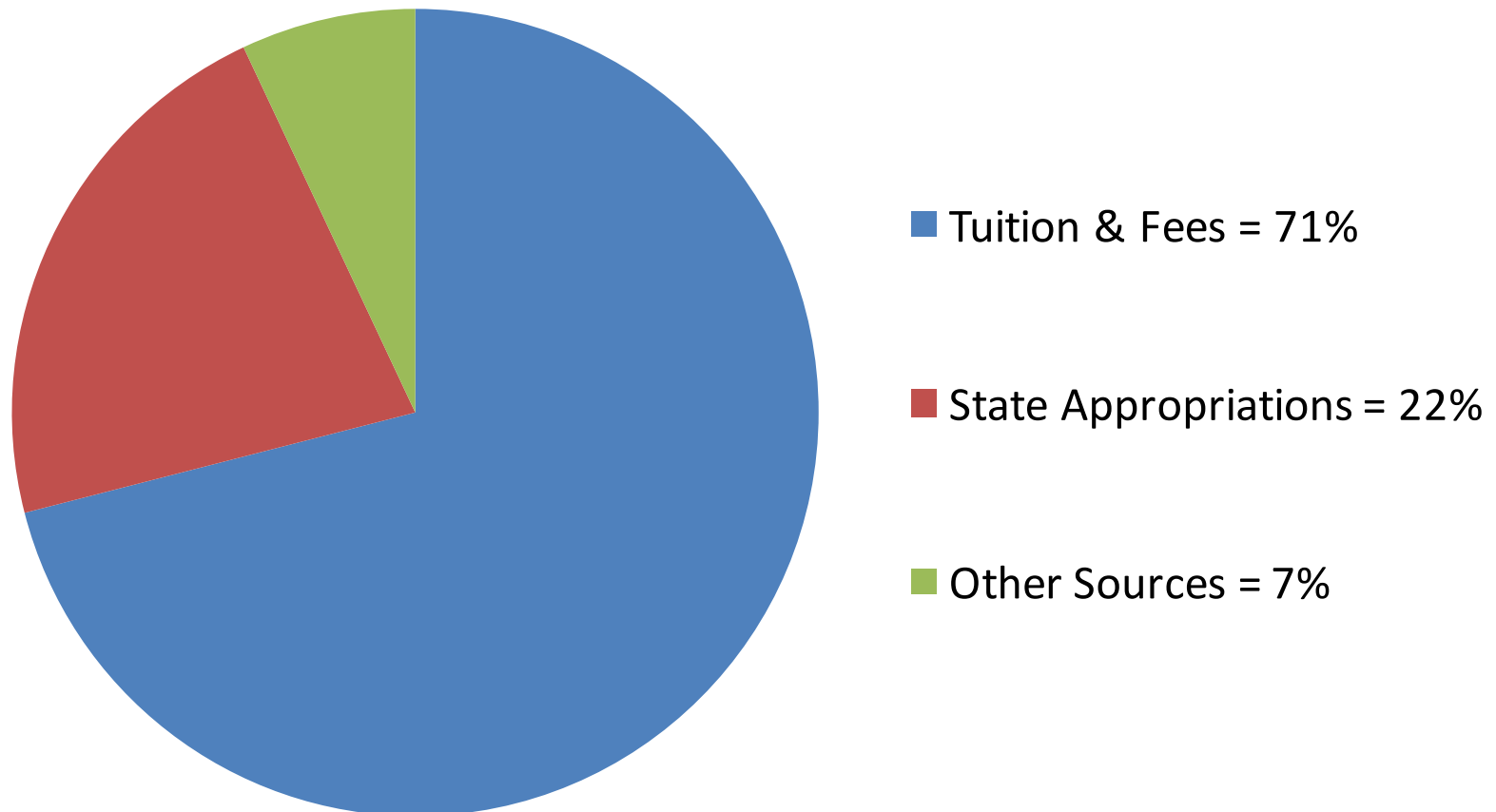
MSU State Government Funding

- Highlights of what State is providing in 2016:
 - \$268.8 million in Higher Education Formula Funding (MSU); overall Higher Education \$1.421 billion
 - \$32.5 million in funding for AgBioResearch
 - \$27.9 million in funding for MSUE (Extension)
 - \$158 million in Graduate Medical Education (Overall number – not just MSU)
 - \$91 million for FRIB – MSF Bond (Total project cost is \$733 million)

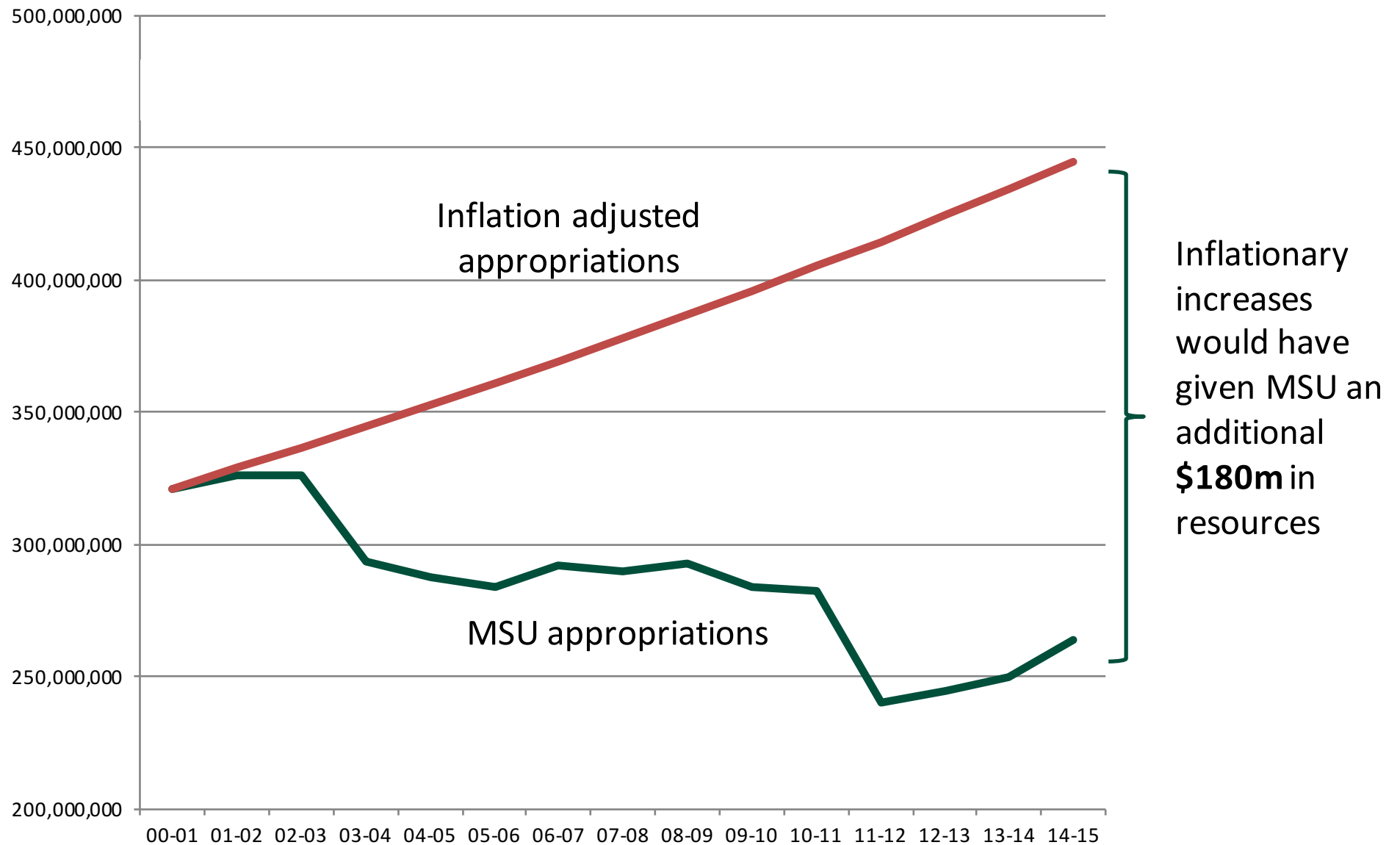


State Revenues Impact on MSU

MSU General Fund 2014-15



Appropriations \$180M Behind Inflation since 2000-01



State Funding

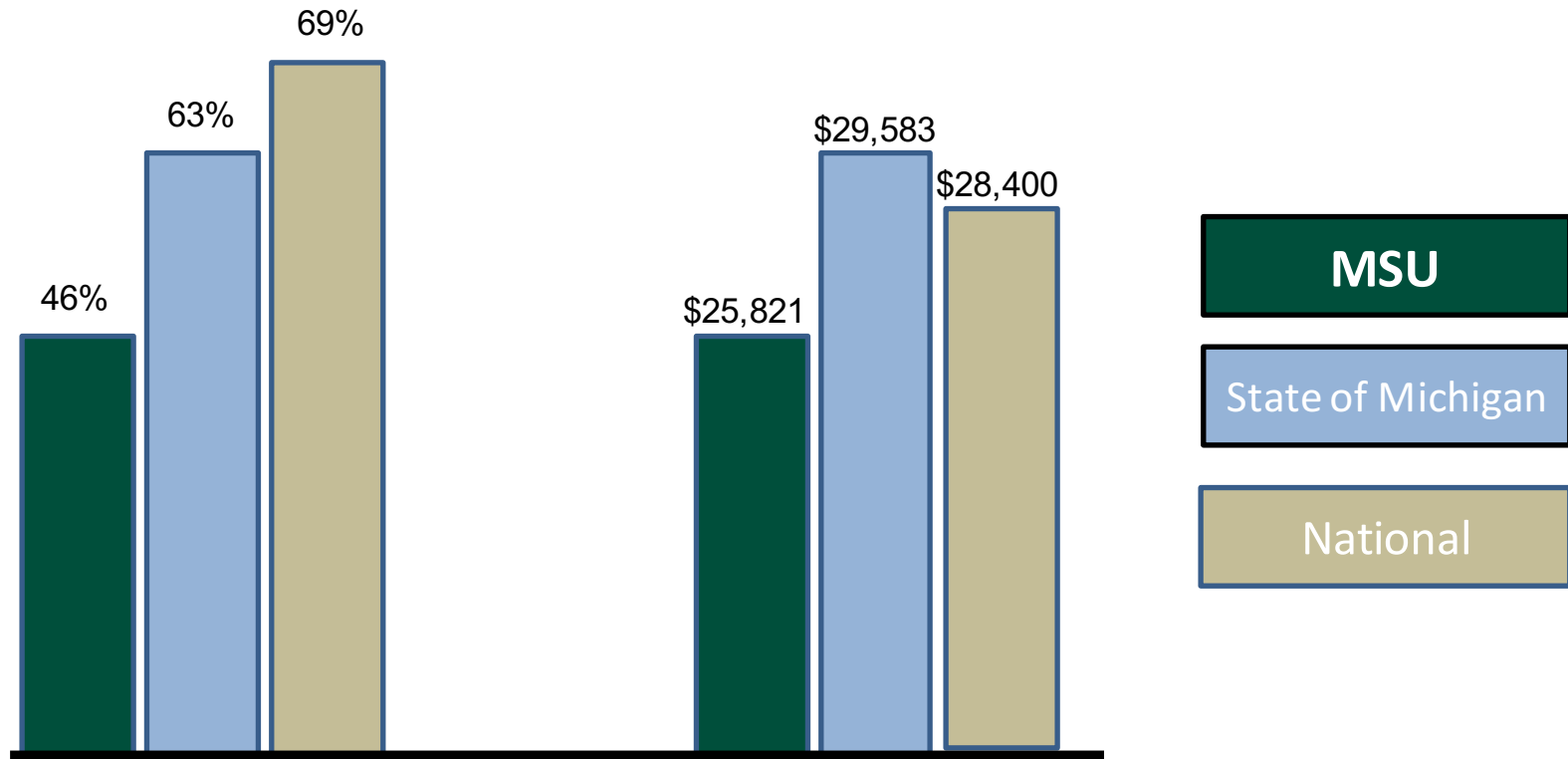
- State once provided 78% of the cost of undergraduate education (1987 more than 60%); today MSU receives only 22% of General Funds from the State and 11.5% of all funds
- Public Universities in Michigan have seen a 25% reduction in general funds over last 10 years, not including the loss of capital outlay dollars that have not been allocated in a decade
- Reductions in state funding have led all 15 public universities to raise tuition
- Legislature has been focused on scrutinizing Higher Education spending rather than on their lack of support
- Little understanding of how universities operate in the public -there is a perception that universities are bloated



Student Debt 2013

Proportion of Students with Debt

Average Debt Load



Adjusted to 2013 dollars

State Higher Education Proposed Funding

- On February 10, (2017 Budget) – Governor’s budget proposal recommends maintaining the Higher Education formula
- Governor proposed 4.3% (\$60 M) increase overall and included a 4.8% tuition restraint cap
- House leaders have indicated that the governor’s tuition cap is too high
- First action by the Legislature on the proposed budget will be in late March
- Differences between each house will have to be settled in a conference committee expected in late May or early June



State Funding for MSU

- MSU Higher Education Funding increase would be \$10.4 million (3.9%) increase under the Governor's proposed budget. This would bring MSU's funding up to \$279.1 m.
- MSU still one of five institutions below 2011 funding levels
 - Gov. Snyder cut HE by 15% in 2011 – has promised to restore
 - MSU is 1.6% or -\$4.5 million below 2011 levels
- MSUE/AgBioResearch –Governor recommends a 2.3% increase or \$1.4 million for a total of \$61.9 million.

These unroll the budget lines into two:

- \$33.2 million AgBioResearch
- \$28.7 million for Extension



State Higher Ed Formula

- In the 2012-13 budget year, a new Higher Education formula was created to allocate some of the \$1.2 billion going to Michigan's 15 public universities related to performance. Funding today is now at \$1.4 billion.
- Formula is based on metrics in the following areas:
 - Weighted undergraduate completions in critical skills areas
 - Research expenditures
 - Six-year graduation rate
 - Total completions
 - Administrative costs as a percentage of core expenditures
 - NEW 2014-15 – Number of Pell Grant Students (proposed to be a % in 2015-16)
- The metrics created are based on national Carnegie peer groups so universities would be compared to their national peers but those performance results are then related to the other 15 public universities in Michigan.



State Higher Ed Formula

- Roughly \$29.9 million (increased funding) is being distributed through the metrics in 2016
 - MSU share is \$4.3 million
- MSU Performance funding to date = \$14.1 million
- A tuition restraint cap is set each year in order for universities to qualify for increased (or Performance) funding. It has been set at 3.2% for the past two years.

