

# Budget Presentation

*Board of Control*

*May 23, 1997*

# 1997-98 Budget Premises

Tuition increase and state appropriations increase together must generate adequate new resources to make progress toward our goals.

# 1997-98 Budget Premises

## *Revenues*

### Tuition

- ◆ Stable Undergraduate and Graduate Enrollments
- ◆ Tuition Increases:
  - ◆ Undergraduate Resident Increases of 3%, 5% or 7%
  - ◆ Undergraduate Non-Resident Increases of 5% or 7%
  - ◆ Graduate Resident and Non-Resident Increase of 10%

# 1997-98 Budget Premises

## *Revenues*

### State Appropriations

- ◆ Increases of 2.5%, 3.5%, or 5%

### Indirect Cost Recovery

- ◆ Stable

### Educational Activities

- ◆ Increase of \$200,000

# MTU General Fund Revenues

(Dollars in Thousands)	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>Tuition &amp; Fees</b>	15,526	19,545	23,878	26,955	27,553	28,329	29,651
<b>State Appropriations</b>	36,371	39,159	40,307	40,017	39,777	40,708	41,939
<b>Indirect Cost Recoveries</b>	2,054	2,112	2,037	2,324	4,372	4,372	4,966
<b>Educational Activities</b>	536	799	1,343	1,715	2,343	2,608	2,855
<b>Investment Income</b>	293	(42)	(212)	(103)	(180)	(619)	(340)
<b>Federal/Private/Other</b>	258	380	83	88	224	338	316
<b>Total</b>	<b>55,038</b>	<b>60,953</b>	<b>67,436</b>	<b>70,996</b>	<b>74,071</b>	<b>75,736</b>	<b>79,387</b>

# MTU General Fund Revenues

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>Tuition &amp; Fees</b>	<b>28.2%</b>	<b>32.1%</b>	<b>35.4%</b>	<b>38.0%</b>	<b>37.2%</b>	<b>37.4%</b>	<b>37.4%</b>
<b>State Appropriations</b>	<b>66.1%</b>	<b>62.6%</b>	<b>59.8%</b>	<b>56.4%</b>	<b>53.7%</b>	<b>53.8%</b>	<b>52.8%</b>
<b>Indirect Cost Recoveries</b>	<b>3.7%</b>	<b>3.5%</b>	<b>3.0%</b>	<b>3.3%</b>	<b>5.9%</b>	<b>5.8%</b>	<b>6.3%</b>
<b>Educational Activities</b>	<b>1.0%</b>	<b>1.3%</b>	<b>2.0%</b>	<b>2.4%</b>	<b>3.2%</b>	<b>3.4%</b>	<b>3.6%</b>
<b>Investment Income</b>	<b>.5%</b>	<b>(.1%)</b>	<b>(.3%)</b>	<b>(.2%)</b>	<b>(.2%)</b>	<b>(.8%)</b>	<b>(.4%)</b>
<b>Federal/Private/ Other</b>	<b>.5%</b>	<b>.6%</b>	<b>.1%</b>	<b>.1%</b>	<b>.3%</b>	<b>.4%</b>	<b>.4%</b>

# Gross Tuition Comparison

	<b>FY 1995-96 Actuals</b>	<b>FY 1996-97 Estimated</b>	<b>Difference</b>
<b>Gross Resident UG</b>	<b>15,702,857</b>	<b>15,533,198</b>	<b>(169,659)</b>
<b>Gross Non-Resident UG</b>	<b>10,369,346</b>	<b>10,748,265</b>	<b>378,919</b>
<b>Gross Resident Grad</b>	<b>656,435</b>	<b>644,826</b>	<b>(11,609)</b>
<b>Gross Non-Resident Grad</b>	<b>2,617,231</b>	<b>2,553,481</b>	<b>(63,750)</b>
<b>Total Tuition</b>	<b>29,345,869</b>	<b>29,479,770</b>	<b>133,901</b>

# Changes in Revenue

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
<b>Resident UG</b>	<b>3%</b>	<b>5%</b>	<b>7%</b>	<b>3%</b>
<b>Non-Resident UG</b>	<b>5%</b>	<b>5%</b>	<b>7%</b>	<b>5%</b>
<b>Graduate</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
<b>State Approp.</b>	<b>5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>3.5%</b>
<b>Gross Change in Tuition Revenue</b>	<b>\$1,323,240</b>	<b>\$1,633,904</b>	<b>\$2,159,533</b>	<b>\$1,323,240</b>
<b>Gross Change in State Approp.</b>	<b>\$2,233,250</b>	<b>\$1,116,625</b>	<b>\$1,116,625</b>	<b>\$1,563,275</b>
<b>Total Change</b>	<b>\$3,556,490</b>	<b>\$2,750,529</b>	<b>\$3,276,158</b>	<b>\$2,686,515</b>

# Proposed Tuition Rates

	<u>1996-97</u>	<u>1997-98</u>	<u>1997-98</u>	<u>1997-98</u>
	Current Rates	3% Resident 5% Non-Resident	5% Resident	7% Resident 7% Non-Resident
<b>Undergraduate - 12 credit hours</b>				
<b>Resident Annual Cost</b>	<b>\$3,822</b>	<b>\$3,960</b>	<b>\$4,032</b>	<b>\$4,104</b>
<b>Annual Increase</b>		<b>\$138</b>	<b>\$210</b>	<b>\$282</b>
<b>Credit Hour Rate</b>	<b>\$107</b>	<b>\$110</b>	<b>\$112</b>	<b>\$114</b>
<b>Non-Resident Annual Cost</b>	<b>\$9,105</b>	<b>\$9,576</b>		<b>\$9,756</b>
<b>Annual Increase</b>		<b>\$471</b>		<b>\$651</b>
<b>Credit Hour Rate</b>	<b>\$253</b>	<b>\$266</b>		<b>\$271</b>

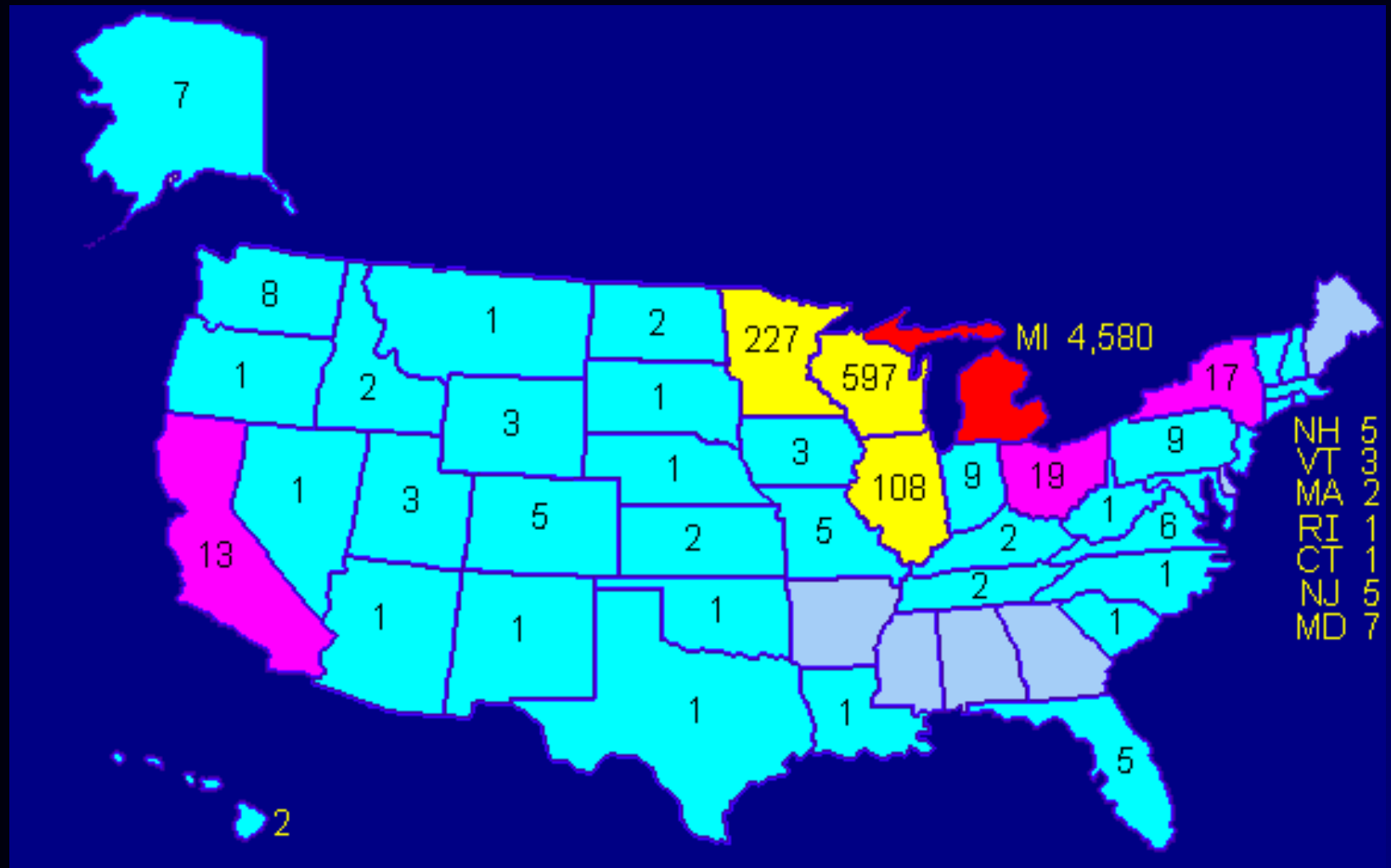
# Proposed Tuition Rates

	<u>1996-97</u> Current Rates  (9 cr. hrs./qtr.)	<u>1997-98</u> 10% Resident 10% Non-Resident  (Flat Rate 6-12 cr. hrs.)
<b>Graduate Resident</b>		
<b>Annual Cost</b>	<b>\$2,970</b>	<b>\$3,276</b>
<b>Annual Increase</b>		<b>\$306</b>
<b>Credit Hour Rate</b>	<b>\$110</b>	<b>\$182</b>
<b>Graduate Non-Resident</b>		
<b>Annual Cost</b>	<b>\$6,831</b>	<b>\$7,506</b>
<b>Annual Increase</b>		<b>\$675</b>
<b>Credit Hour Rate</b>	<b>\$253</b>	<b>\$417</b>

# Tuition Planning Variables

	<b>Base Budget</b>	<b>1% Planning Variables</b>
<b>Gross Resident UG</b>	<b>15,533,198</b>	<b>155,332</b>
<b>Gross Non-Resident UG</b>	<b>10,748,265</b>	<b>107,483</b>
<b>Gross Resident Grad</b>	<b>644,826</b>	<b>6,448</b>
<b>Gross Non-Resident Grad</b>	<b>2,553,481</b>	<b>25,535</b>
<b>Total Tuition</b>	<b>29,479,770</b>	<b>294,798</b>

# MTU Fall 1996 Enrollment by State



# 1996-97 Comparison of Costs

	Tuition and Fees	
	Resident Undergrad	Non-Resident Undergrad
Univ Minn - Duluth	\$2,810	\$10,845
Univ Wisc - Madison	\$3,030	\$10,138
Univ Wisc - Milwaukee	\$3,100	\$10,063
MTU	\$3,948	\$9,231
Univ Minn	\$4,099	\$10,807

# Annual Tuition & Required Fees

	Resident Undergraduate		Non-Resident Undergraduate	
	Lower Division	Upper Division	Lower Division	Upper Division
Lake State	3,534		6,948	
Michigan State	4,825	5,306	12,126	12,537
MTU	3,948		9,231	
Northern	2,970		5,399	
Univ of Michigan	5,710	6,438	17,916	19,178
Wayne State	3,399	3,988	7,398	8,762
Western	3,332	3,690	7,795	8,709

# 1997-98 Budget Premises

## *Expenditures*

### New Expenditures

- ◆ 1% Across-the-board Salary Adjustment
- ◆ TIAA-CREF 1% Matching Program
- ◆ Enhance the Employee Education Benefits
- ◆ Enhance Department Operating Budgets (4%)
- ◆ Establish Program Development Fund (\$500K)
- ◆ Minimal Increase in Financial Aid Consistent with Tuition Based Commitments
- ◆ Maintain Equity Pool for Promotions/Special Adjustments

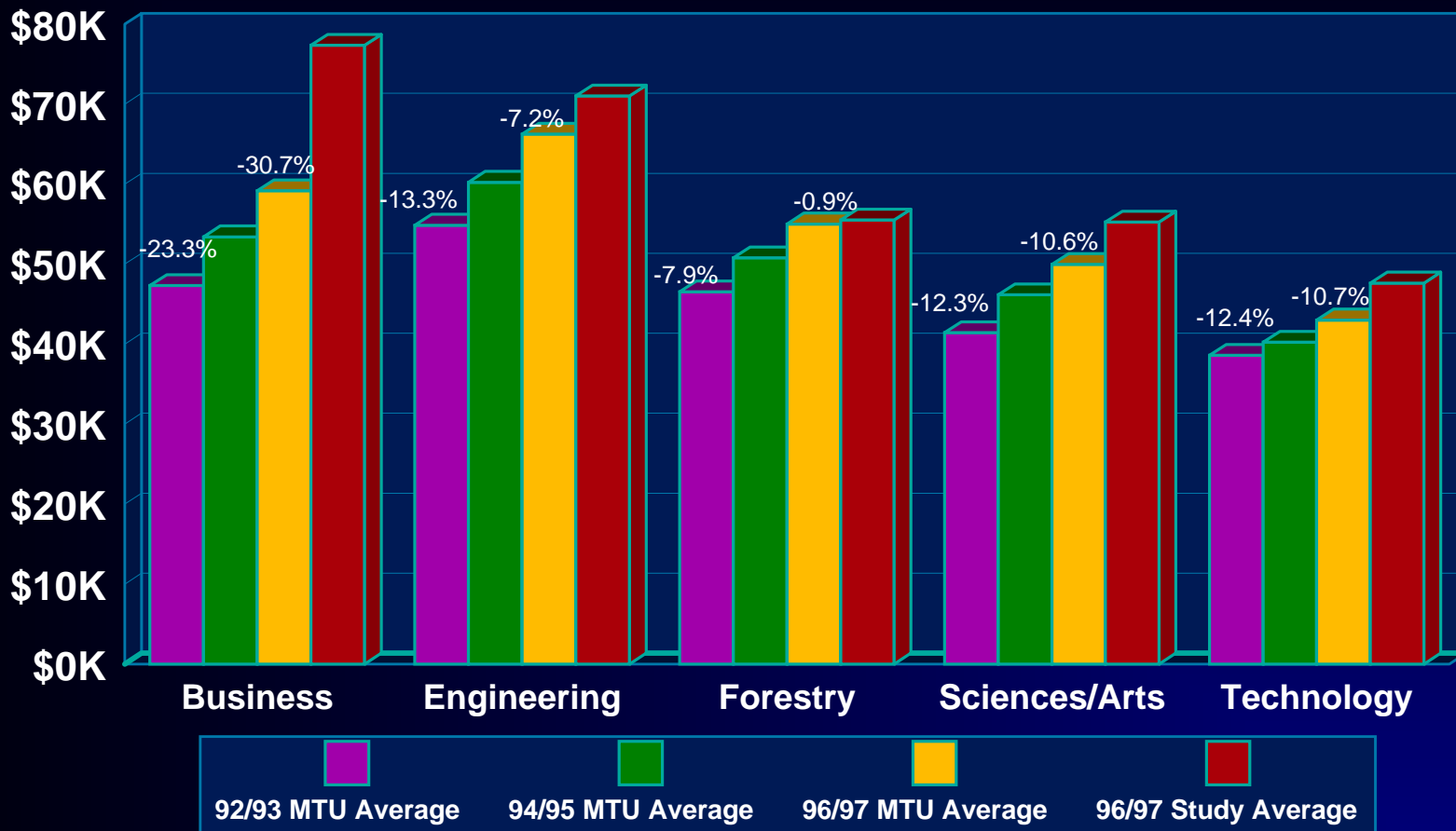
# 1997-98 Budget Premises

## *Expenditures*

### Internal Realignment

- ◆ Moratorium on 1% Realignment for New Program Development
- ◆ Pilot Position Control Program
- ◆ Continuation of Technology Enhancement Initiatives

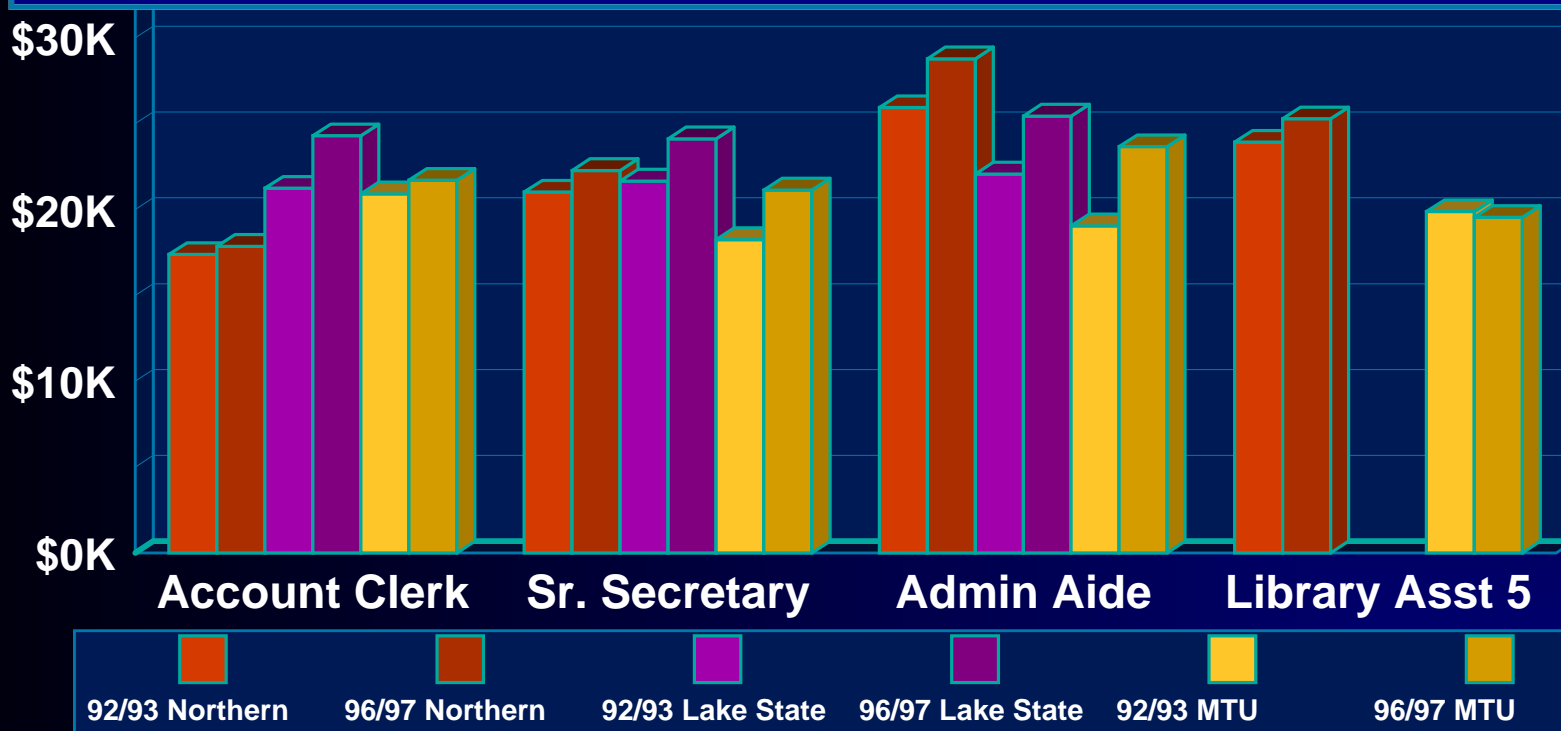
# Oklahoma State Study



Source: Oklahoma State University Faculty Salary Study and MTU Actual Salaries

# Average Clerical Wage by Classification

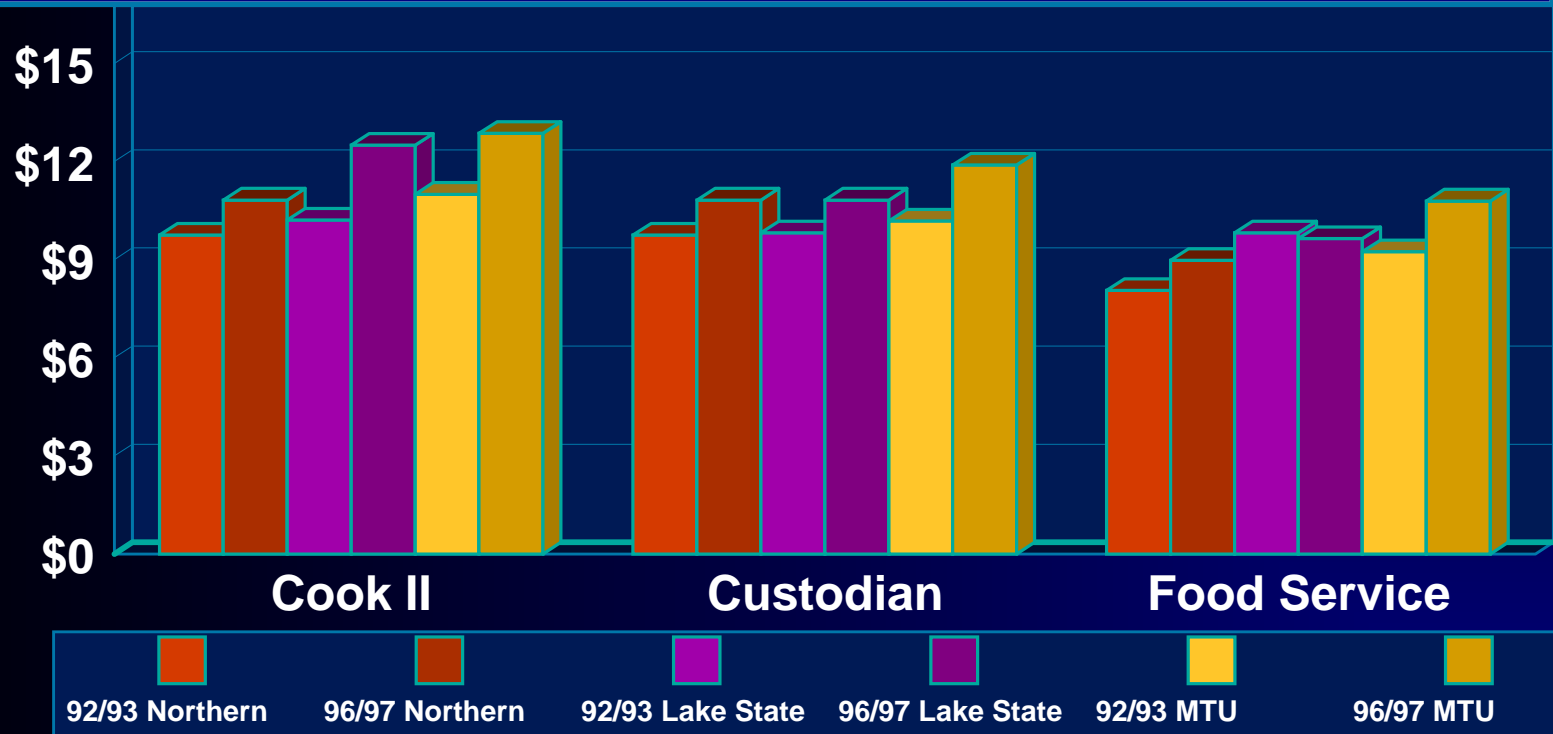
	92/93	96/97	92/93	96/97	92/93	96/97	92/93	96/97
Northern	20%	22%	-13%	-5%	-27%	-18%	-17%	-23%
Lake State	-2%	-11%	-18%	-12%	-14%	-7%		



Source: Benchmark Survey

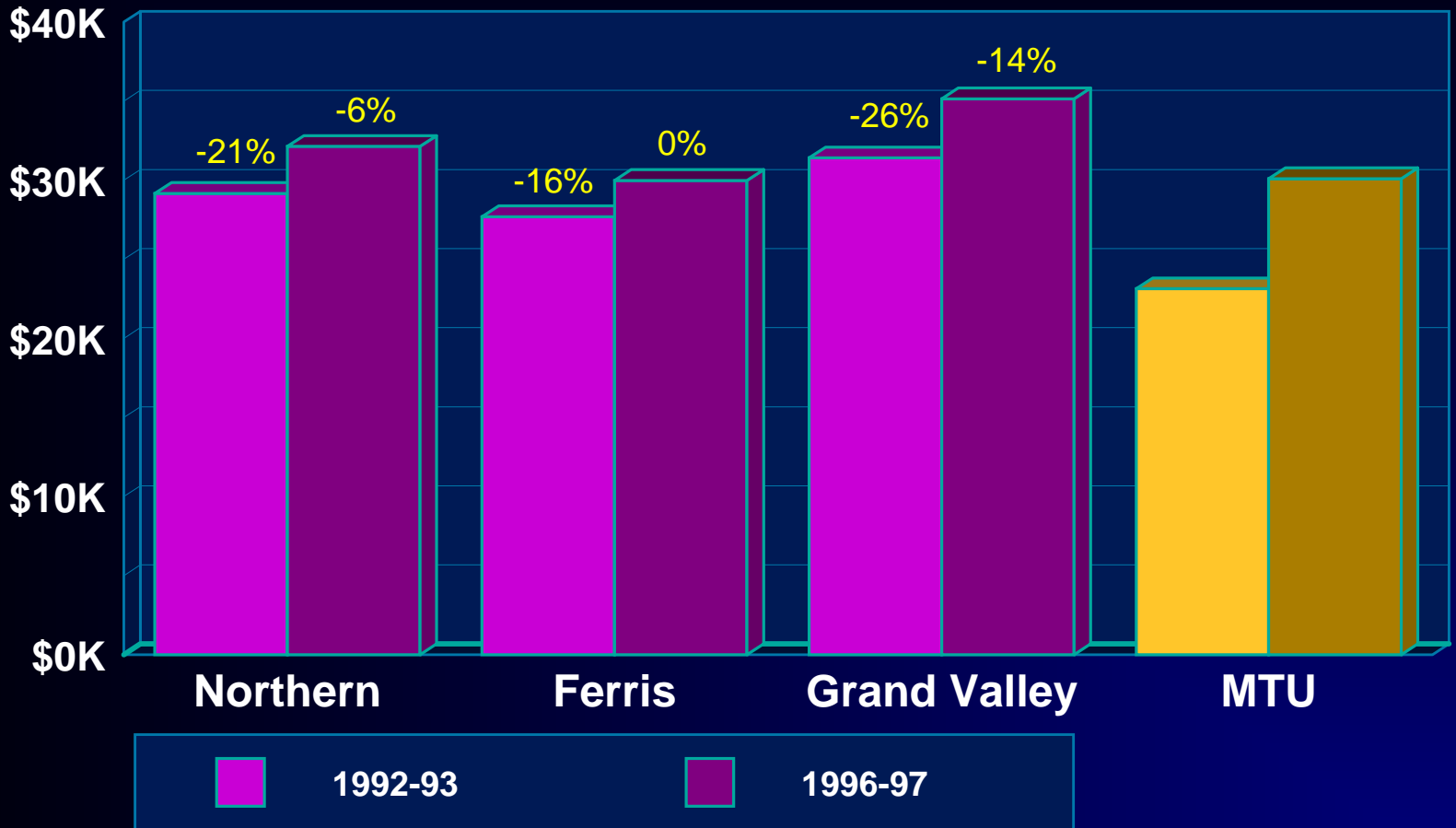
# Average AFSCME Wage by Classification

	92/93	96/97	92/93	96/97	92/93	96/97
Northern	13%	19%	4%	10%	15%	20%
Lake State	8%	3%	4%	10%	-6%	12%



Source: Benchmark Survey

# Average Police Wage by Classification



Source: Benchmark Survey

# MTU General Fund Expenditures

(dollars in thousands)	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>Instruction</b>	<b>24,985</b>	<b>28,292</b>	<b>27,073</b>	<b>29,098</b>	<b>34,117</b>	<b>36,887</b>	<b>39,031</b>
<b>Institutional Support</b>	<b>7,424</b>	<b>8,867</b>	<b>7,684</b>	<b>6,259</b>	<b>8,716</b>	<b>9,847</b>	<b>9,474</b>
<b>Scholarships</b>	<b>2,231</b>	<b>4,948</b>	<b>6,098</b>	<b>5,946</b>	<b>7,995</b>	<b>8,106</b>	<b>8,531</b>
<b>Academic Support</b>	<b>6,802</b>	<b>7,724</b>	<b>6,209</b>	<b>6,447</b>	<b>6,173</b>	<b>6,906</b>	<b>7,343</b>
<b>Operation Plant</b>	<b>4,847</b>	<b>5,836</b>	<b>5,753</b>	<b>7,062</b>	<b>6,355</b>	<b>6,484</b>	<b>6,915</b>
<b>Student Services</b>	<b>4,537</b>	<b>4,401</b>	<b>4,535</b>	<b>4,493</b>	<b>3,297</b>	<b>3,553</b>	<b>3,795</b>
<b>Research</b>	<b>911</b>	<b>2,676</b>	<b>1,686</b>	<b>1,557</b>	<b>2,246</b>	<b>1,954</b>	<b>1,798</b>
<b>Public Service</b>	<b>214</b>	<b>265</b>	<b>206</b>	<b>229</b>	<b>329</b>	<b>237</b>	<b>172</b>
<b>Total</b>	<b>51,951</b>	<b>63,009</b>	<b>59,244</b>	<b>61,091</b>	<b>69,228</b>	<b>73,974</b>	<b>77,059</b>

# E&G Expenditures Definitions

## Instruction

- Academic department salary/wages
- Academic department supplies/services
- Student laboratories

## Research

- IWR, KRC, IMP
- Extended University Programs
- Intellectual Properties

## Scholarships and Fellowships

- Student Financial Aid

## Academic Support

- Academic Deans Offices
- Center for Teaching, Learning, & Faculty Development
- IT - Academic Computer Services
- IT - Educational Technology Services
- IT - Telecommunications
- Library
- Research/Graduate School
- Seaman Museum

# E&G Expenditures Definitions

## Student Services

- Athletics
- Career Center
- Counseling Services
- Educational Opportunity
- Enrollment Management
- Financial Aid
- Student Affairs
- Student Marketing

## Public Service

- Conferences and Institutes
- Cultural Enrichment
- WGGL

## Institutional Support

- Affirmative Programs
- Consulting, Memberships, Legal Fees
- Human Resources
- Internal Audit
- IT - Administrative Computing
- President/Vice Presidents
- University Relations
- University Senate

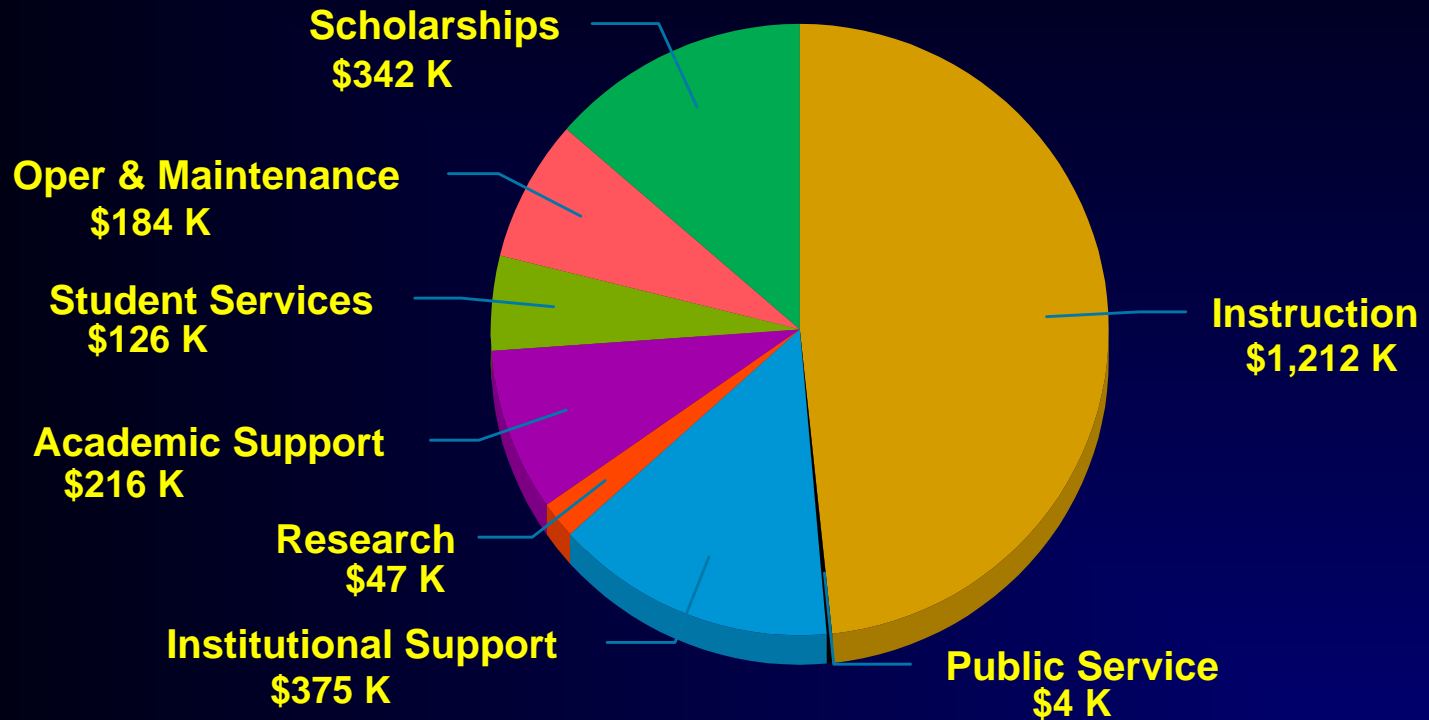
## Operation Plant

- Facilities Management
- Utilities/Grounds/Bldg. Maintenance

# MTU General Fund Expenditures

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>Instruction</b>	48.1%	44.9%	45.7%	47.6%	49.3%	49.9%	50.7%
<b>Institutional Support</b>	14.3%	14.1%	13.0%	10.3%	12.6%	13.3%	12.3%
<b>Scholarships</b>	4.3%	7.8%	10.3%	9.7%	11.5%	11.0%	11.1%
<b>Academic Support</b>	13.1%	12.3%	10.5%	10.5%	8.9%	9.3%	9.5%
<b>Operation Plant</b>	9.3%	9.3%	9.7%	11.6%	9.2%	8.8%	9.0%
<b>Student Services</b>	8.7%	7.0%	7.6%	7.3%	4.8%	4.8%	4.9%
<b>Research</b>	1.8%	4.2%	2.8%	2.6%	3.2%	2.6%	2.3%
<b>Public Service</b>	.4%	.4%	.4%	.4%	.5%	.3%	.2%

# Proposed New Expenditure Budget Adjustments



# Revenue Scenarios

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
<b>Resident UG</b>	<b>3%</b>	<b>5%</b>	<b>7%</b>	<b>3%</b>
<b>Non-Resident UG</b>	<b>5%</b>	<b>5%</b>	<b>7%</b>	<b>5%</b>
<b>Graduate</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
<b>State Approp.</b>	<b>5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>3.5%</b>

# 1997-98 General Fund Budget Scenarios

	<b>Base Budget</b>	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>	<b>Scenario 4</b>
<b>Tuition &amp; Fees</b>	29,779,770	31,103,010	31,413,674	31,939,303	31,103,010
<b>State Approp.</b>	44,665,000	46,898,250	45,781,625	45,781,625	46,228,275
<b>Indirect Cost Rec.</b>	5,327,000	5,327,000	5,327,000	5,327,000	5,327,000
<b>Investment Inc.</b>	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
<b>Educ Activities</b>	2,607,000	2,807,000	2,807,000	2,807,000	2,807,000
<b>Total Revenue</b>	<b>\$82,178,770</b>	<b>85,935,260</b>	<b>85,129,299</b>	<b>85,654,928</b>	<b>85,265,285</b>
<b>Total Expenditures</b>	<b>\$82,670,000</b>	<b>85,177,096</b>	<b>85,177,096</b>	<b>85,177,096</b>	<b>85,177,096</b>
<b>Excess of Revenue over Expense</b>	<b>(\$491,230)</b>	<b>\$758,164</b>	<b>(\$47,797)</b>	<b>\$477,832</b>	<b>\$88,189</b>

# 1% Planning Variables

<b>Revenues</b>	
<b>State Appropriations</b>	<b>\$447,000</b>
<b>Gross Tuition</b>	<b>\$295,000</b>
<b>Enrollment (100 Resident Undergraduates)</b>	<b>\$395,000</b>
<b>Expenditures</b>	
<b>Salary Adjustments</b>	<b>\$490,000</b>
<b>Fringe Benefits</b>	<b>\$120,000</b>
<b>Supplies &amp; Services</b>	<b>\$130,000</b>
<b>Financial Aid</b>	<b>\$100,000</b>