



University Senate Meeting

October 28, 2020

Susan Kerry

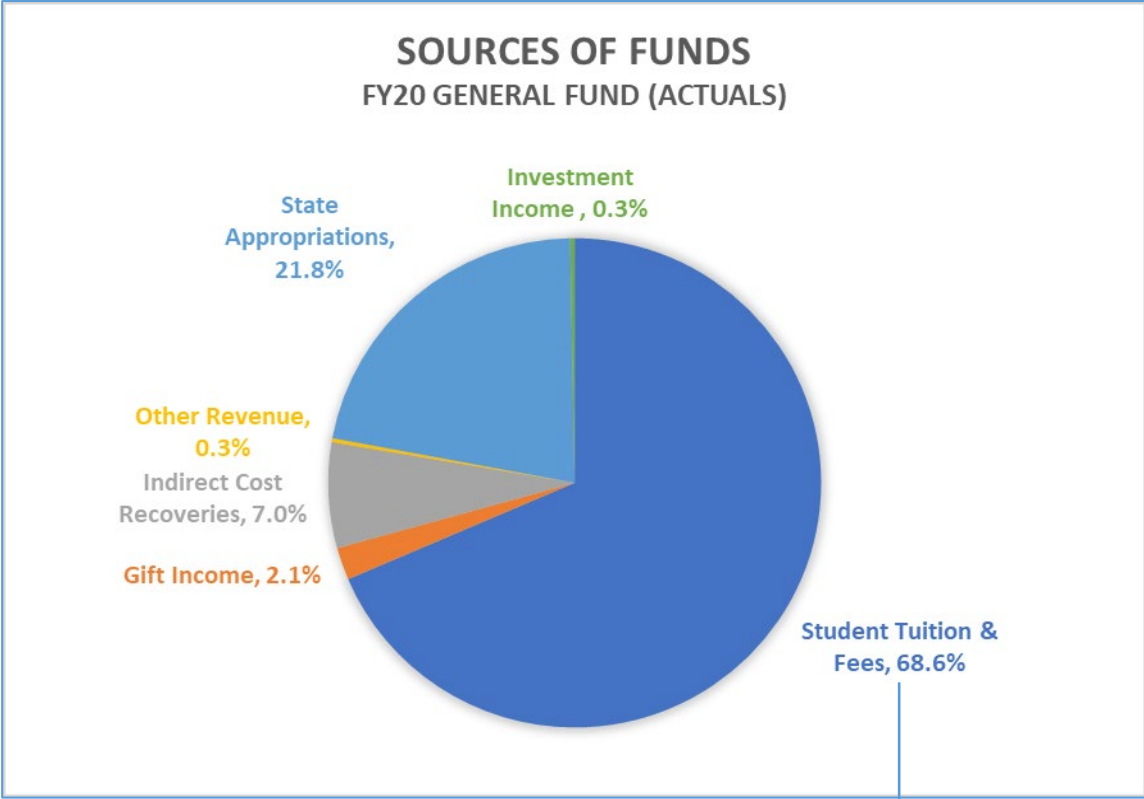
Chief Financial Officer and Senior Vice
President for Administration

Agenda

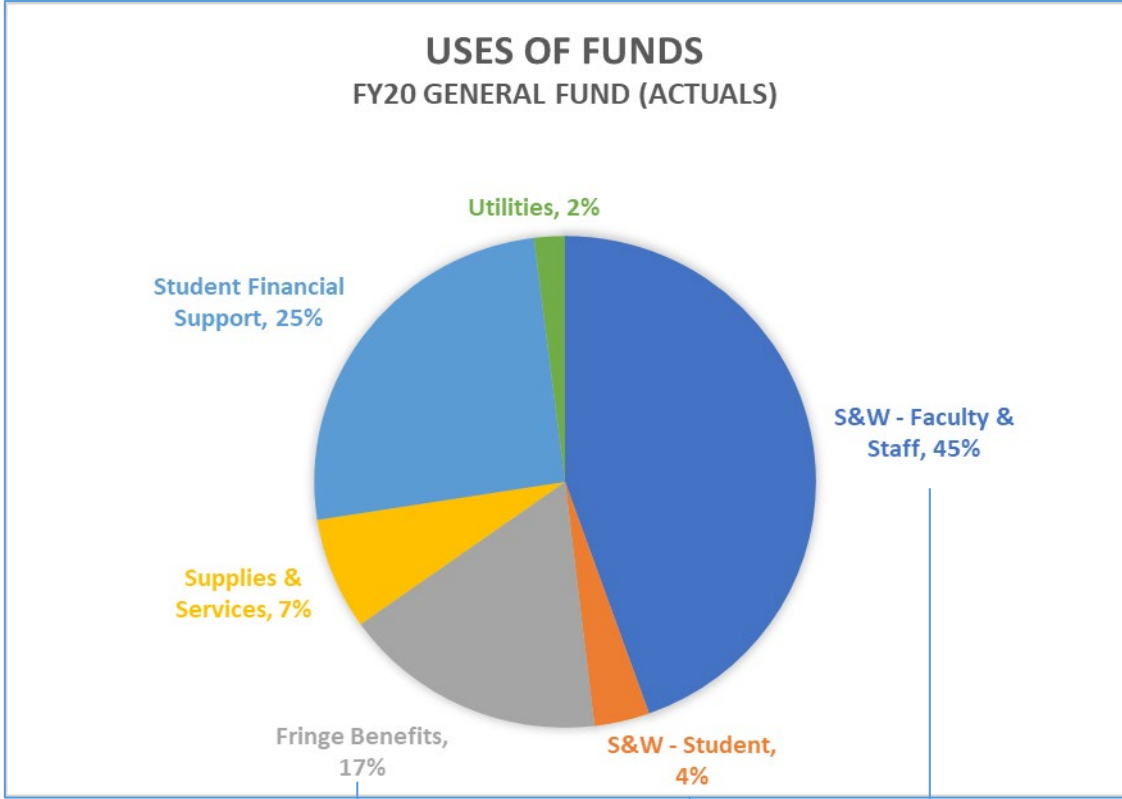


1. Fund Accounting
2. Fiscal Year 2020 Financial Results
3. Enrollment Update - Fall 2020
4. Michigan Tech's Financial Health
5. CFO/SVPA Unit Initiatives
6. Questions

Fiscal Year 2020 Distribution of General Fund Revenues and Expenditures

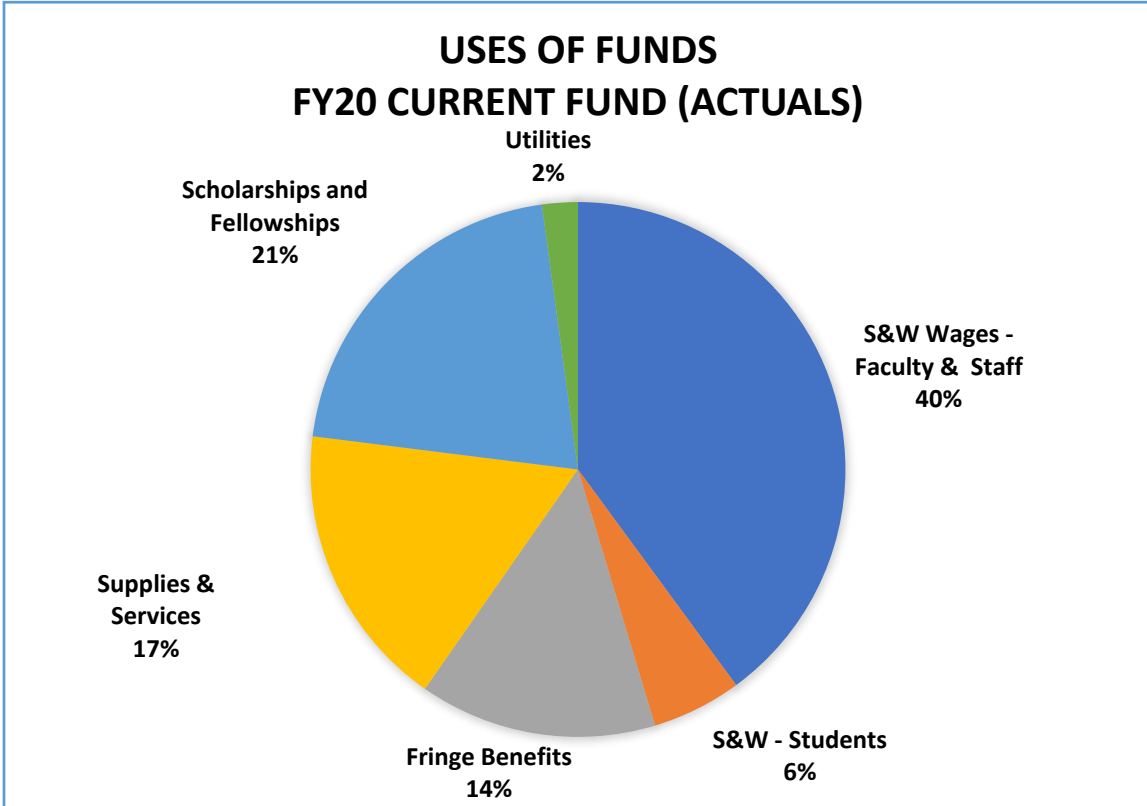
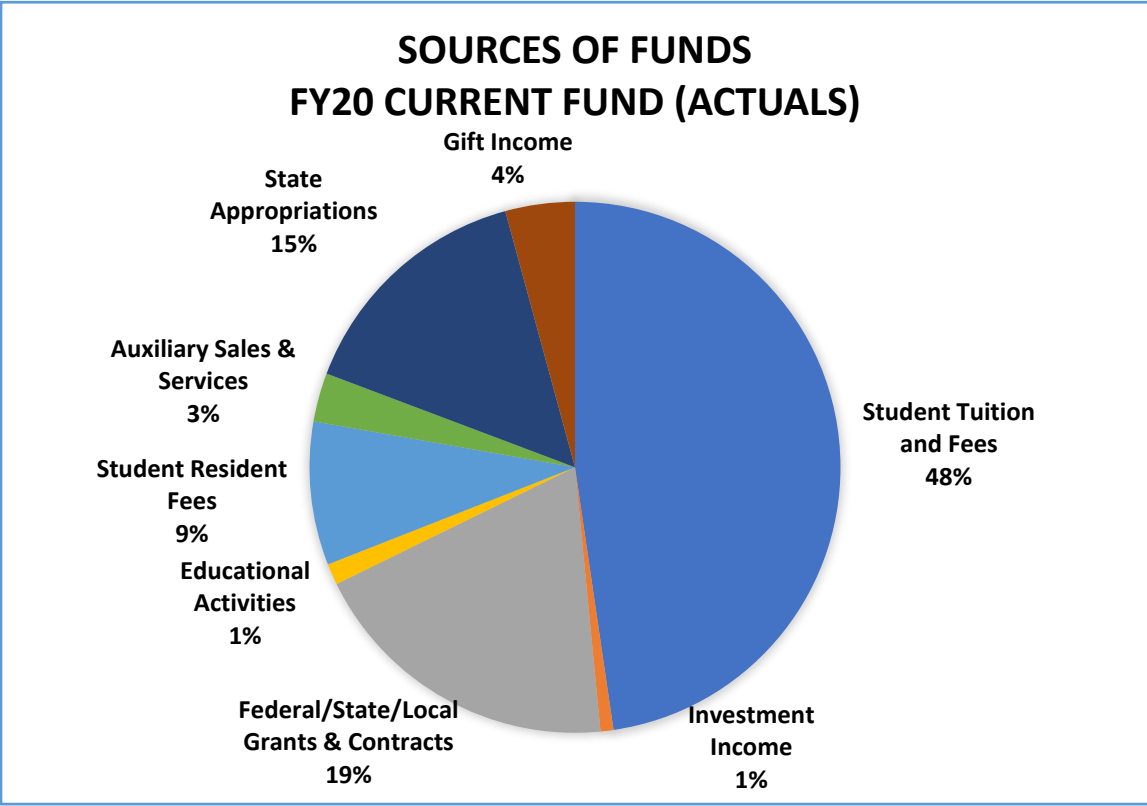


Student Tuition & Fees: **68.6%** of our revenue



Personnel Costs: **66%** of our Expenses

Fiscal Year 2020 Distribution of Current Fund Revenues and Expenditures



Fiscal Year 2020 Financial Position

University General and Current Funds

Year Ending June 30, 2020 (FY20)

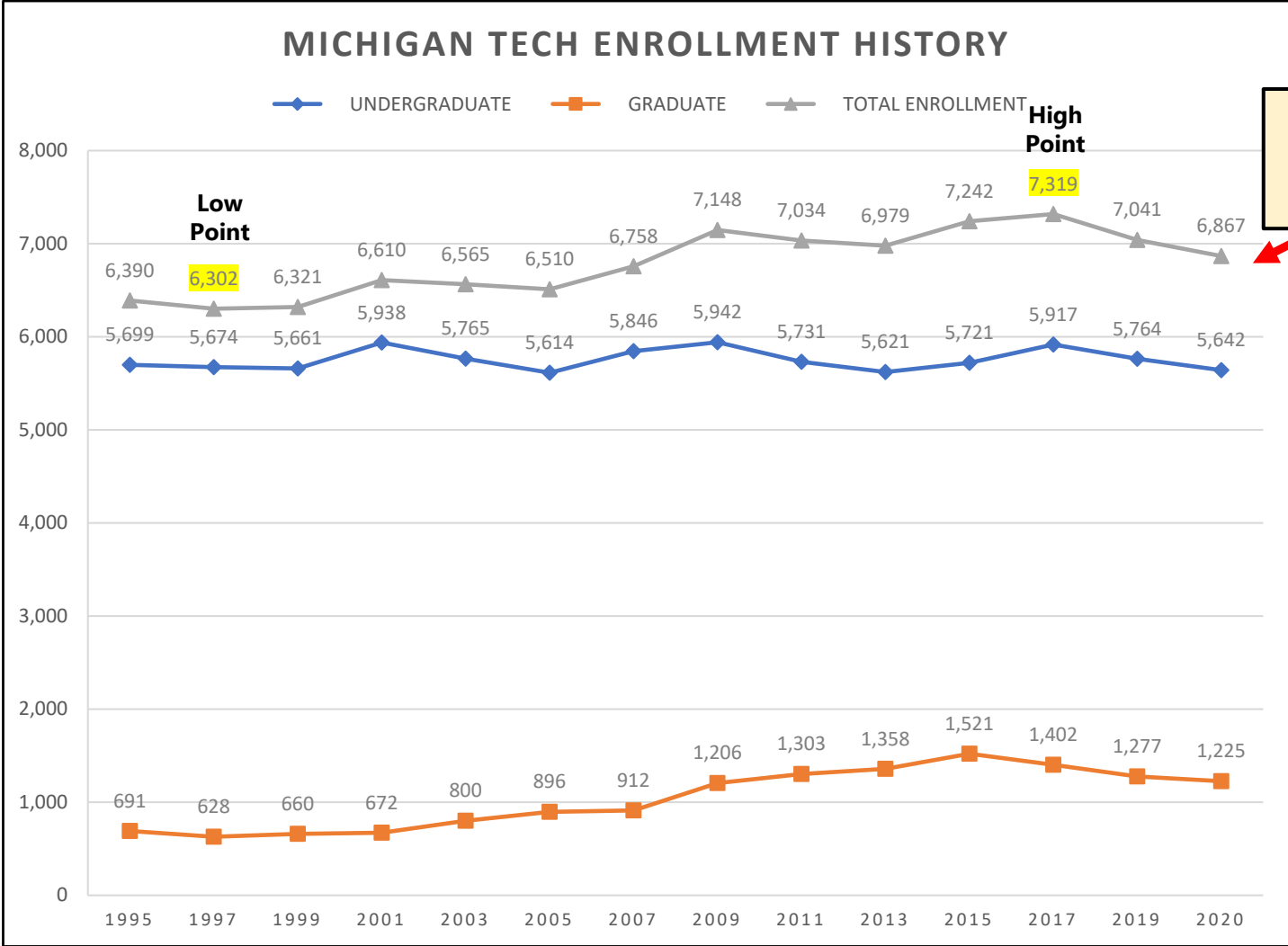
	General Fund				Current Fund			
	Adjusted Budget	Actual	Variance	%	Original Projection	Actual	Variance	%
OPERATING REVENUES	160,536,721	156,367,706	(4,169,015)	-2.6%	243,804,427	233,493,958	(10,310,469)	-4.2%
OPERATING EXPENSES	(200,920,810)	(193,349,291)	7,571,519	3.8%	(304,892,183)	(291,807,445)	13,084,738	4.3%
TOTAL TRANSFERS	(15,833,225)	(18,218,185)	(2,384,960)	-15.1%	(9,032,081)	(10,358,822)	(1,326,741)	-14.7%
NONOPERATING REVENUES (EXPENSES)	56,217,314	49,952,418	(6,264,896)	-11.1%	70,350,440	65,306,106	(5,044,334)	-7.2%
Change in Net Position	<u>\$ -</u>	<u>\$ (5,247,352)</u>	<u>(5,247,351)</u>		<u>\$ 230,603</u>	<u>\$ (3,366,203)</u>	<u>(3,135,600)</u>	

Notes: Revenues, Expenditures, & Changes in Net Position.

The original projection did not include estimates for the Pension & OPEB expenses or investment gains/losses.

Michigan Tech Enrollment History – Fall 10-day Census Data

University	Preliminary Fall 2020 Enrollment Report
Ferris State University	-10.5%
Northern Michigan University	-4.7%
Western Michigan University	-4.6%
Lake Superior State University	-4.0%
Grand Valley State University	-2.8%
Saginaw Valley State University	-2.8%
Michigan Tech University	-2.4%
Oakland University	-2.3%
Michigan State University	-1.3%

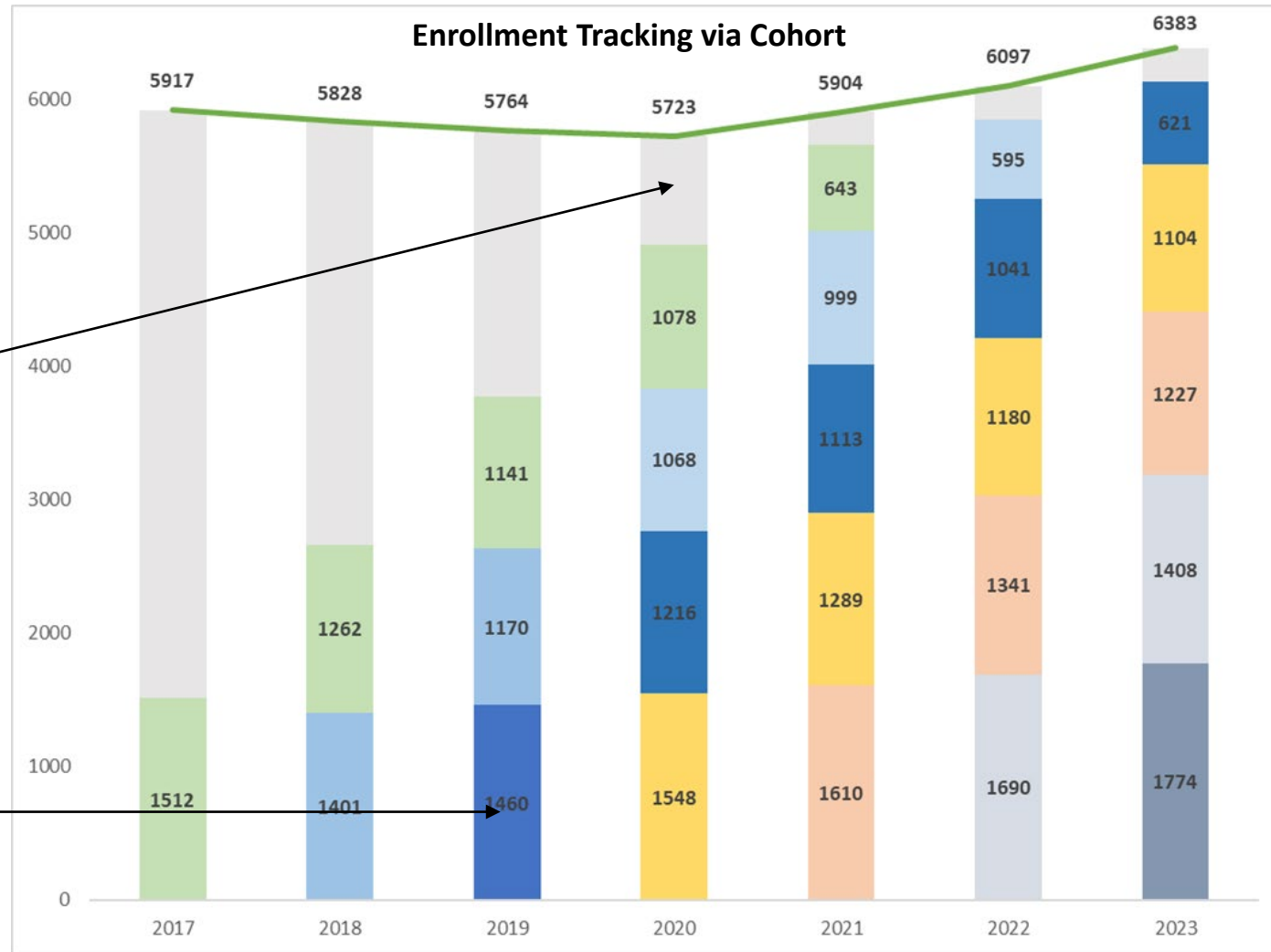


Fiscal Year 2021 Enrollment Update

Board Approved Enrollment Assumptions Scenario 2	
Undergraduate Enrollment Changes:	
New Students	-15%
Returning Students	-7%
Graduate Enrollment Changes:	
New Students	-15%
New Int'l Students	-100%
Domestic Returning	-7%
Int'l Returning	-25%

Enrollment Update as of 09/09/2020-10 Day Census					
	<i>Actual</i> Fall 2019	<i>Budget</i> Fall 2020	<i>as of 09/09/2020</i> 10 Day Census	<i>Change</i> Budget	<i>Change</i> Budget
Undergraduate					
New	1,460	1,316	1,350	34	2.6%
Returning	4,304	3,882	4,292	410	10.6%
Total Undergraduate	5,764	5,198	5,642	444	8.5%
Change from 2019 to 2020		(566)	(122)		
Graduate					
New	423	176	291	115	65.3%
Returning	854	720	934	214	29.7%
Total Graduate	1,277	896	1,225	329	36.7%
Change from 2019 to 2020		(381)	(52)		
Total Students	7,041	6,094	6,867		12.68%

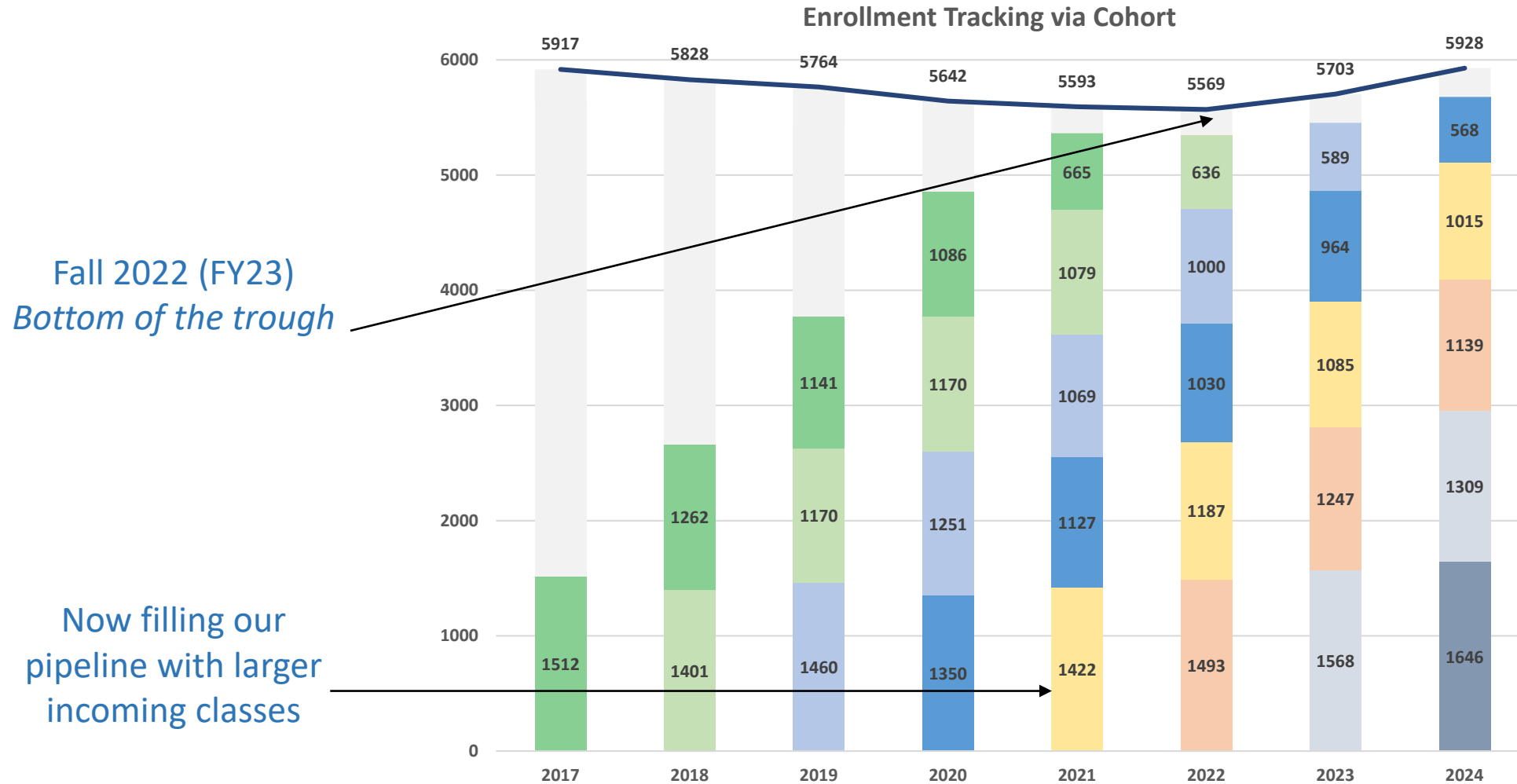
Undergraduate Enrollment Tracking Via Cohort – January 2020 Projection Analysis



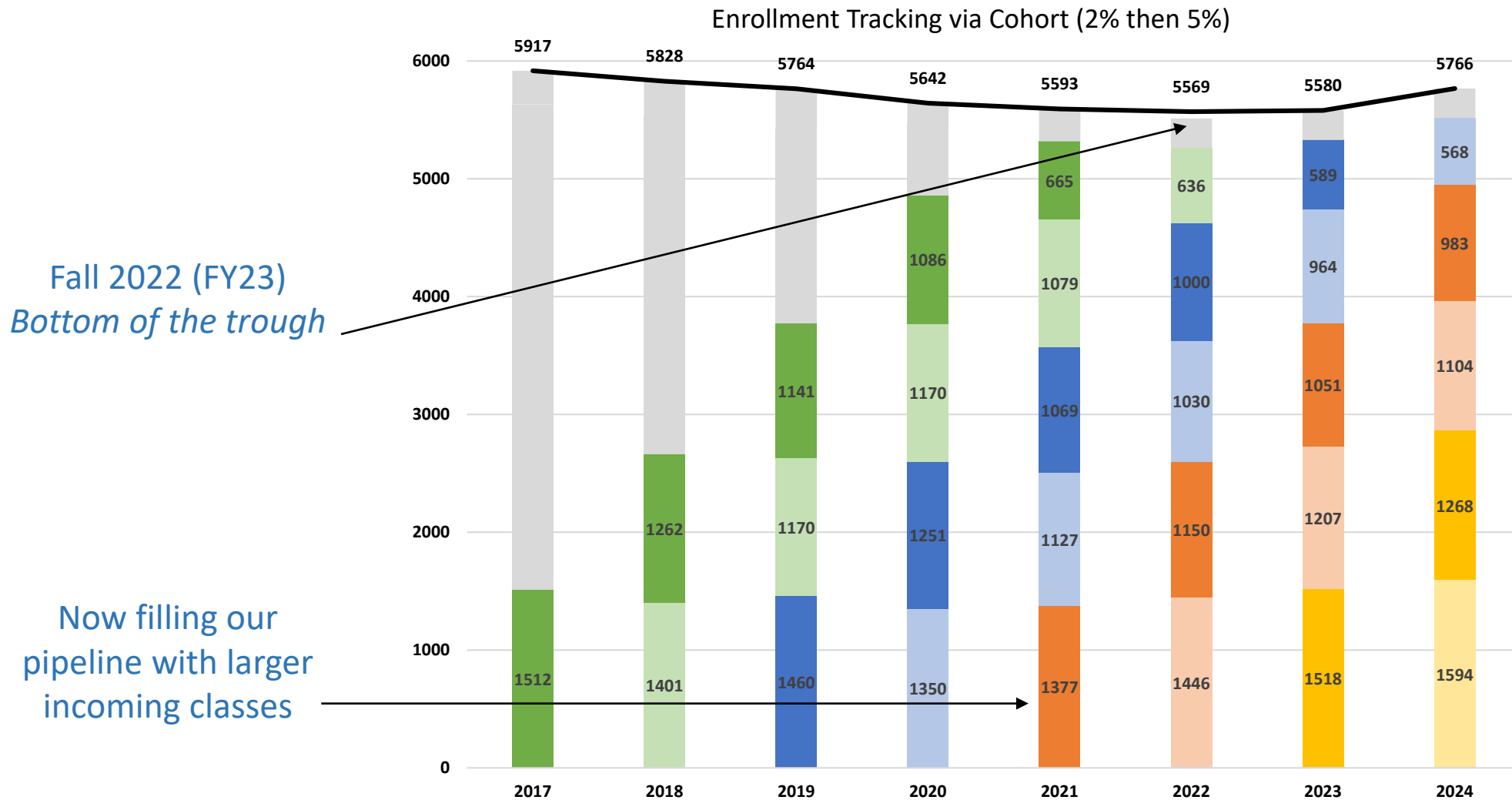
Fall 2020 (FY21)
Bottom of the trough

Anticipate filling our
pipeline with larger
incoming classes

Undergraduate Enrollment Tracking Via Cohort – Actual Fall 2020 Enrollment Analysis



Undergraduate Enrollment Tracking Via Cohort – Possible Scenario



Fiscal Year 2021 Unknowns/Possible Variances

Remaining Risks & Unknowns

- **Another COVID-19 outbreak impedes our ability to have students on-campus**

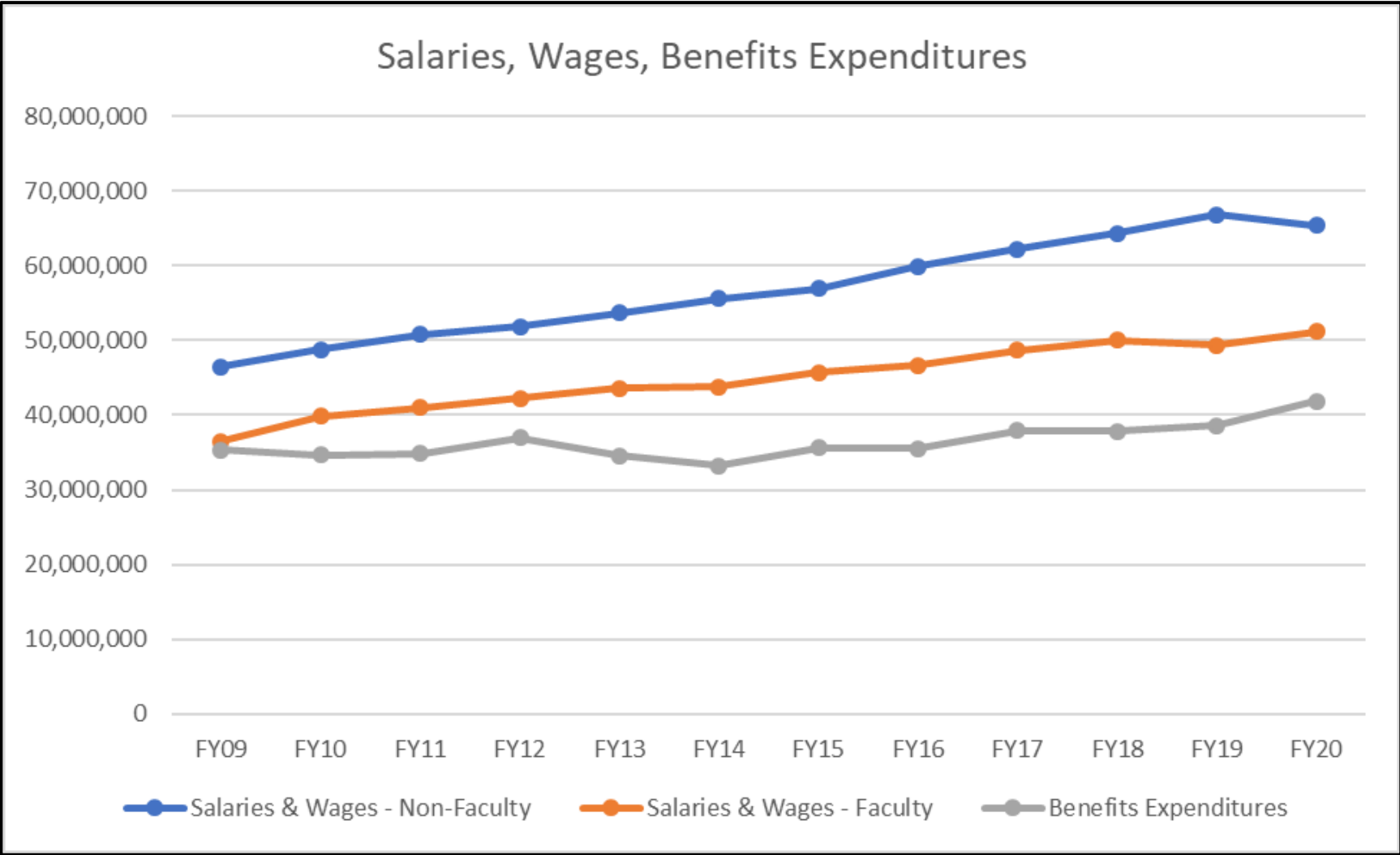
- Lost revenue from decreased traffic on campus already impactful due to duration of pandemic
 - Identification of appropriate expenditures for CARES and CRF funds, to ensure all eligible funds received
 - Potential *claw back* on State Appropriations if COVID-19 Status impacts Michigan
 - Testing and Other COVID-19 Costs/Supplies are continuing to escalate
 - Elections destabilize markets
 - Class Action Lawsuit, which is currently impacting other Publics, affects MTU

Current Fund Expenditure Trends (actuals)

EXPENDITURE TRENDS

		<u>FY10</u>	<u>FY20</u>	<u>% CHANGE</u>
OPERATING EXPENSES	Salaries & Wages - Employee	88,604,455	116,591,749	32%
	Salaries & Wages - Students	13,842,821	15,842,272	14%
	Fringe Benefits	35,920,561	41,897,924	17%
	Supplies and Services	48,027,812	50,481,995	5%
	Scholarships and Fellow ships	39,273,731	60,905,396	55%
	Utilities	8,421,166	6,303,889	-25%
Subtotal: OPERATING EXPENSES		234,090,546	292,023,225	25%

Total Compensation Trends

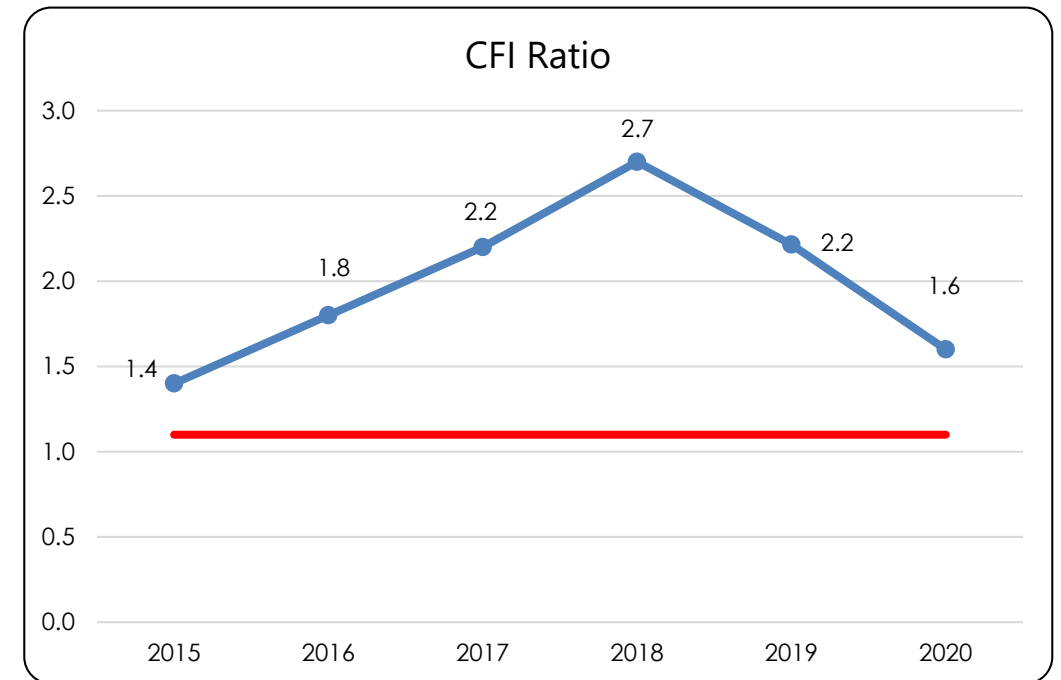


Composite Financial Index (CFI)

CFI Components:

- Primary Reserve Ratio –
Sufficient Resources
- Net Operating Revenue Ratio –
Operating Results
- Return on Net Assets Ratio –
Financial Asset Performance
- Viability Ratio –
Debt Management

Michigan Tech Composite Financial Index (CFI)



The Higher Learning Commission considers amounts greater than or equal to 1.1 as "Above the Zone" which means no further action is required. Amounts less than 1.1 but greater than 0 are considered "In the Zone" and further review is required.

Michigan Tech Liquidity Metrics

<u>University</u>	<u>2019 Days Cash On Hand</u>
Oakland University	304
Saginaw Valley State University	285
Central Michigan University	269
Michigan State University	261
Northern Michigan University	256
Grand Valley State University	237
Ferris State University	217
Western Michigan University	195
Wayne State University	151
University of Michigan Ann Arbor	142
Michigan Technological University	118 ←
Eastern Michigan University	96

MTU Days Cash on Hand



Days cash on hand measures the number of days that the University could continue to pay for its operations, based on its monthly liquidity.

MTU Fiscal Year-End Monthly Liquidity (in millions)

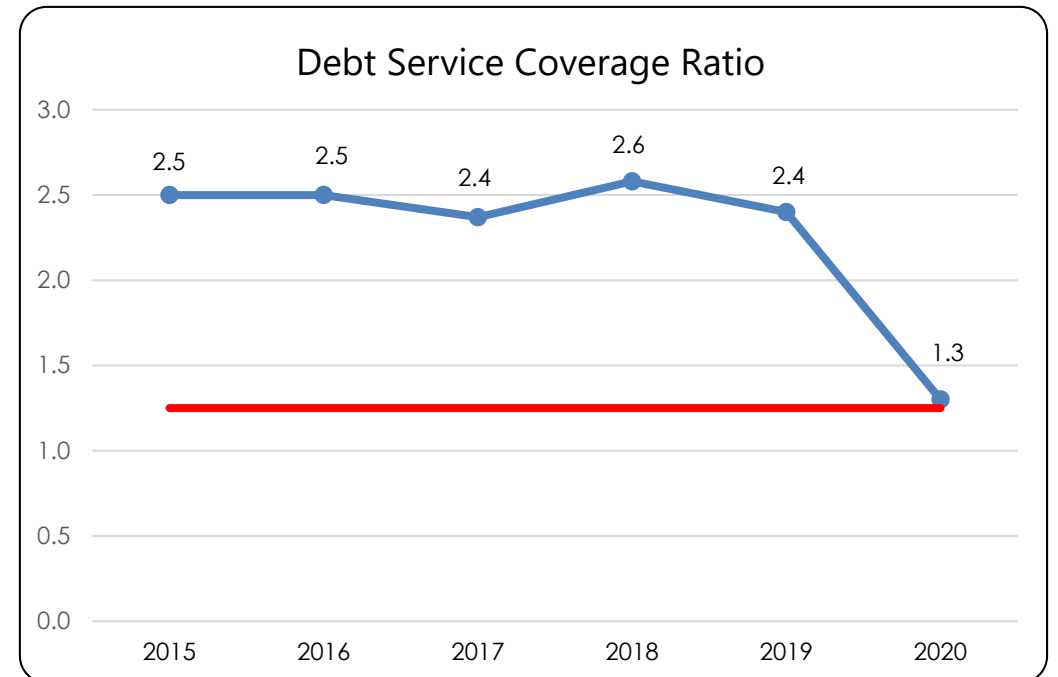


Monthly liquidity is defined as unrestricted cash plus unrestricted investments convertible to cash within 30 days. Additionally, Michigan Tech has access to a \$20M line of credit.

Debt Metrics

<u>University</u>	<u>2019 Annual Debt Service Coverage</u>
University of Michigan Ann Arbor	6.3
Grand Valley State University	3.3
Western Michigan University	3
Central Michigan University	2.8
Saginaw Valley State University	2.7
Northern Michigan University	2.5
Michigan State University	2.4
Wayne State University	2.4
Michigan Technological University	2.4
Oakland University	2
Ferris State University	1.9
Eastern Michigan University	1.1

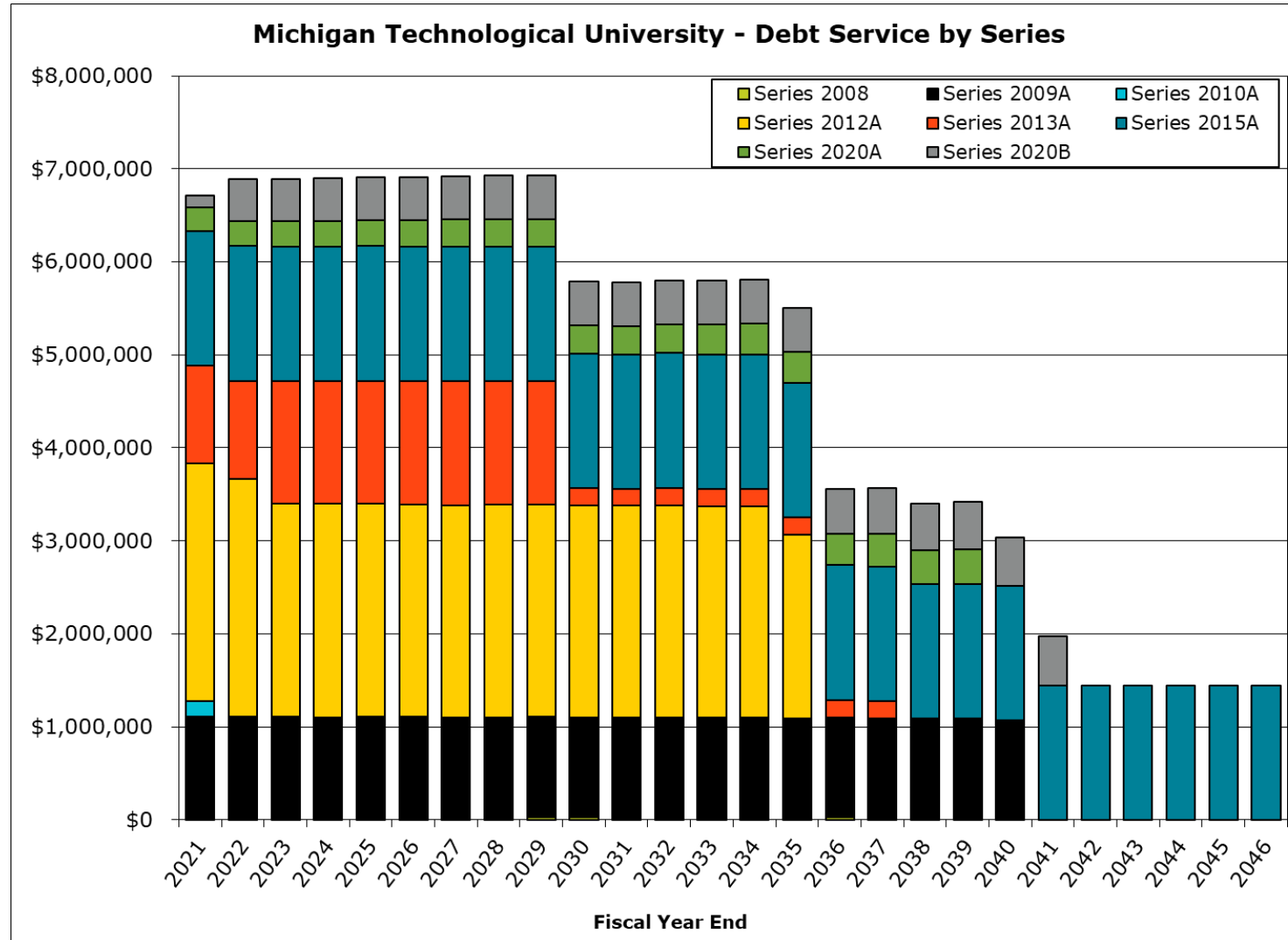
Michigan Tech Debt Metrics



Per debt guidelines, Debt Service Coverage Ratio should be greater than 1.25.

Annual Debt Service Requirements by Series

Updated: October 2020



Long-Term Planning for Sustainable Growth

Priority Assessments and Investments

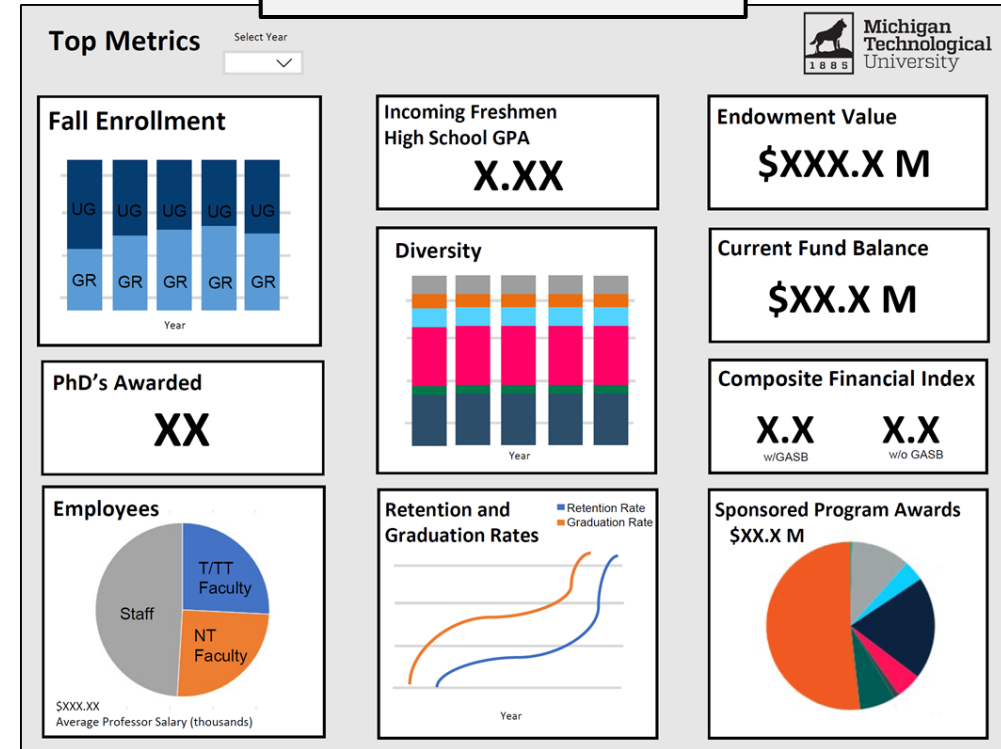
Dashboard Sketch Board of Trustees

“You measure what you value, you accomplish what you measure”

Faculty & Staff				
Depth & Succession Plans	Achievements & Performance Metrics	Identify Compensation Gaps & Set Closure Rates	Enrollment Driven Growth	Evaluate Benefits & Total Compensation Package

Operations, Campus Grounds, Physical Plant & Equipment				
Deferred Maintenance Schedule & Calendarized Budget	Facilities Condition & Utilization Analysis	Capital Needs to Accommodate Enrollment Growth	Flow, Function, and Technology Updating Needs	Campus Master Plan and Sustainability/ Energy Efficiency Goals

Financial Strength				
Liquidity Goals & Timeline to Reach Them	Key Balance Sheet Metrics Goals & Timeline to Reach Them (reserves, liquidity, debt ratios, cash flow)	Key Operating Performance Metrics Goals & Timeline to Reach Them	Enhanced Budgeting & Modeling Capability	Understanding the Pension & OPEB Exposure



Leadership Update on H-STEM



H-STEM Engineering and Health Technologies Complex

Project Cost: \$44.7M
State of Michigan: \$ \$29.7M
Michigan Tech: \$15M

Project Kick-off

• July 2019

Legislative Approval

• October 2020

Groundbreaking

• May 2022

Grand Opening

• August 2024

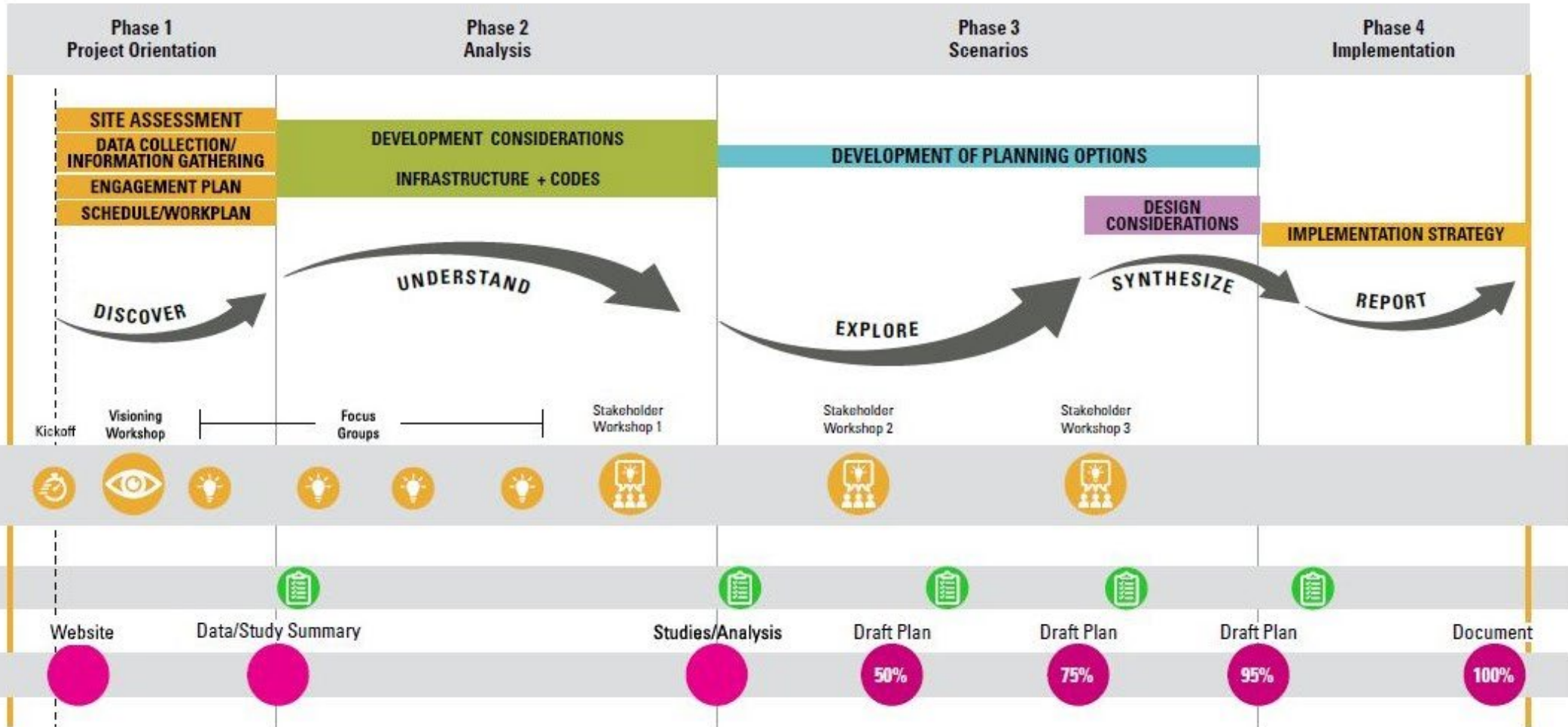
- A Showcase Facility
- Facilitation of Interdisciplinary Collaboration for H-STEM fields
- State of the Art Research Space
- Partial Renovation of Chem Sci Office and Instructional Space

Campus Master Planning... *What's involved?*



- **Academic Strategic Planning**
- **Research Strategic Planning**
- **Student Life, Housing, and Campus Dining**
- **Student/Faculty/Staff Quality of Life**
- **Transportation, Mobility, Parking, Pedestrian, and Alternate Transportation Models**
- **Competitive Athletics and Recreational Sports**
- **Land Use and Community Integration**
- **Sustainability**
- **Infrastructure and Utility Condition and Capacity**
- **Suggested Renovation/Reuse of Existing Facilities, and Possible New Facilities**
- **Implementation, Phasing, and Cost Modeling**

Campus Master Planning... *How long will it take?*



Thank You and Questions

