



**Michigan Tech**

# University Senate

February 2, 2022

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**Susan Kerry**

Chief Financial Officer and  
Senior Vice President for  
Administration

# Agenda

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1. Update on CFO/SVPA Strategy & Planning
2. Update on Moody's Credit Rating & University Financial Health
3. Review of FY2021 Year-End Financial Performance
4. FY2022 Financial Projections & Enrollment



# CFO/SVPA Planning

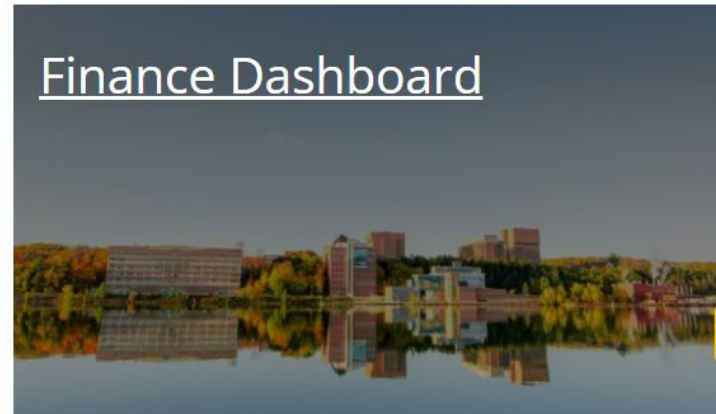
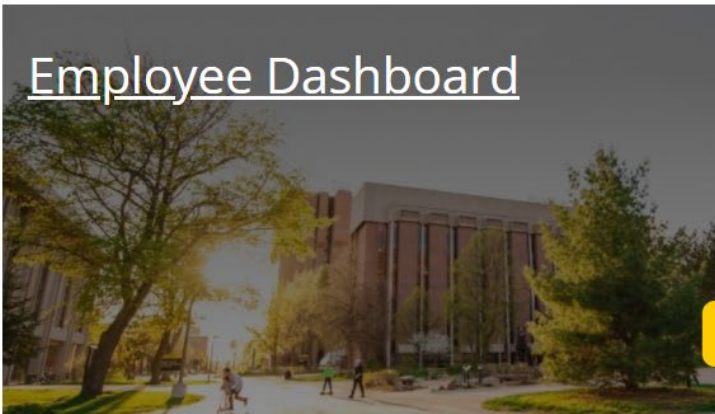
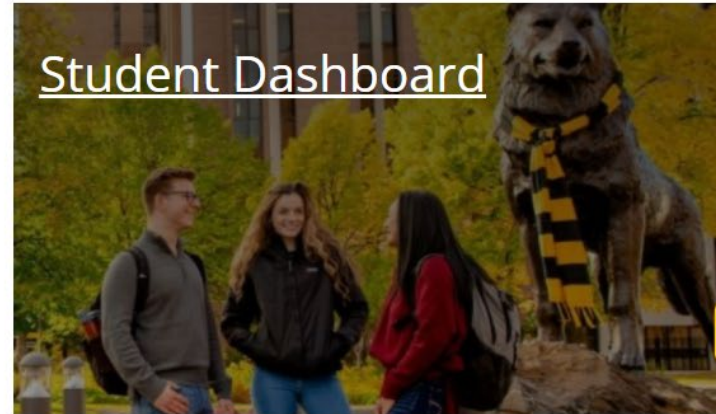
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## Unit-Level Updates

- University Dashboards
- Long Range Financial Planning
- Employee Benefits
- Campus Master Planning

# University Dashboard Initiative

*Live data, enhances transparency, decision-making and speed of institutional planning*



<https://www.mtu.edu/institutional-research/university-dashboards/>

# Finance Dashboard

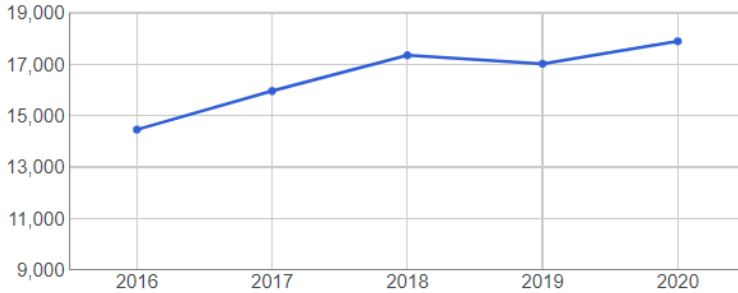
Finance

Year

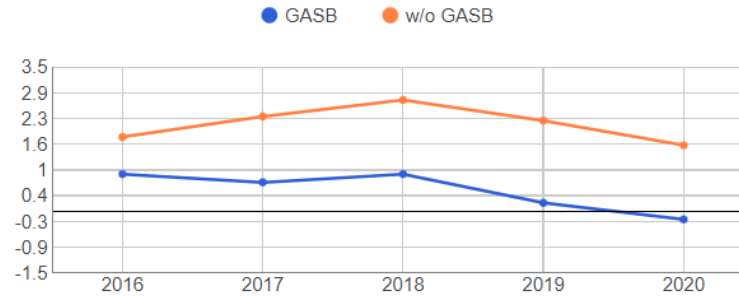
2020



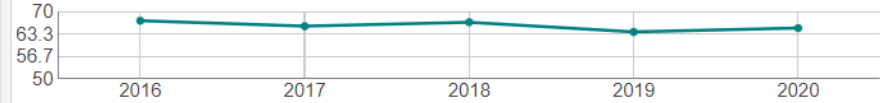
## Endowment Assets Per FTE



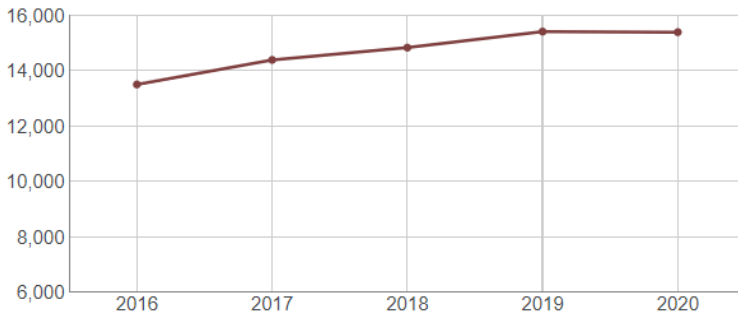
## Composite Financial Index



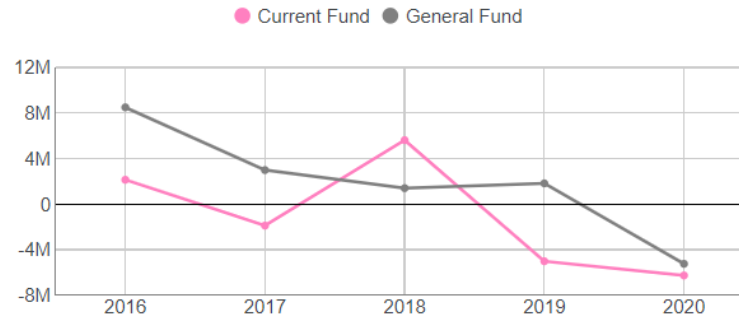
## Instruction/Research/Public Service as a Percent of Core Expenditures



## Net Tuition Per



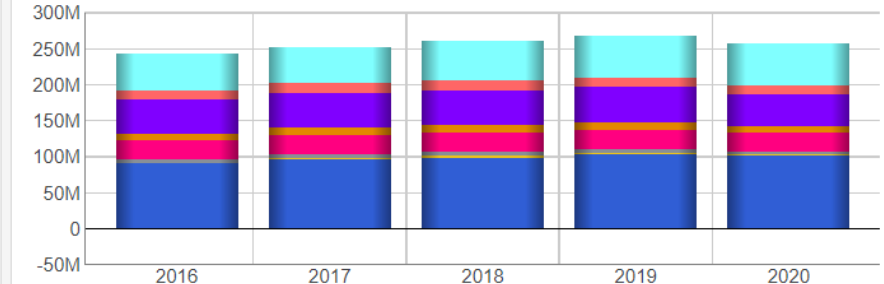
## Net Increase (Decrease) in Net Position



## Institutional Revenue Diversification



- Net Student Tuition & Fees
- Educational Activities
- Auxiliary Sales & Services
- Gift Income
- Federal, State, Local Grants & Contracts
- Investment Income
- Student Resident Fees
- State Appropriations
- Other Revenue



# Long-Range Financial Planning Software

## Sample – Statement of Activities

### Multi-Year Financial Statements

Scenario = 9001 - MTU BASELINE 2022 no HSTEM

Statement of Activity

LRP Dept = None

ACTIVITY	BALANCE SHEET	RATIOS	ASSUMPTIONS								
				Actual 2020	Actual 2021	Plan 2022	Plan 2023	Plan 2024	Plan 2025	Plan 2026	Plan 2027
<b>Operating Revenue</b>											
<b>NET TUITION AND FEES</b>											
Student Tuition and Fees				101,082,940	98,248,502	102,969,485	105,028,875	107,129,452	109,272,041	111,457,482	113,686,632
Student Residence Fees				18,031,676	15,102,209	19,602,209	19,994,253	20,394,138	20,802,021	21,218,061	21,642,423
<b>TOTAL NET TUITION AND FEES</b>				<b>119,114,616</b>	<b>113,350,711</b>	<b>122,571,694</b>	<b>125,023,128</b>	<b>127,523,590</b>	<b>130,074,062</b>	<b>132,675,543</b>	<b>135,329,054</b>
<b>OTHER OPERATING REVENUE</b>											
Federal Grants and Contracts				25,114,659	30,484,175	37,484,175	38,608,700	39,766,961	40,959,970	42,188,769	43,454,432
State and Local Grants and Contracts				4,076,024	3,800,457	3,951,304	4,030,330	4,110,937	4,193,155	4,277,019	4,362,559
Non-Government Grants and Contracts				20,445,108	21,323,554	23,162,737	23,625,992	24,098,512	24,580,482	25,072,091	25,573,533
Indirect Cost Recoveries				-	-	-	-	-	-	-	-
Educational Activities				3,643,172	4,456,771	3,635,873	3,708,590	3,782,762	3,858,418	3,935,586	4,014,298
Mich Tech Fund Distributions				-	-	-	-	-	-	-	-
Departmental Activities				8,933,470	5,418,921	9,633,062	9,729,393	9,826,687	9,924,953	10,024,203	10,124,445
MTU Investment Distributions				-	-	-	-	-	-	-	-
Net Assets Released From Restriction				-	-	-	-	-	-	-	-
<b>TOTAL OTHER OPERATING REVENUE</b>				<b>62,212,433</b>	<b>65,483,878</b>	<b>77,867,151</b>	<b>79,703,005</b>	<b>81,585,858</b>	<b>83,516,978</b>	<b>85,497,668</b>	<b>87,529,267</b>
<b>Total Operating Revenue</b>				<b>181,327,049</b>	<b>178,834,589</b>	<b>200,438,845</b>	<b>204,726,133</b>	<b>209,109,449</b>	<b>213,591,040</b>	<b>218,173,211</b>	<b>222,858,321</b>



# Long-Range Financial Planning Software

## Sample - Balance Sheet

### Multi-Year Financial Statements

Scenario = 9001 - MTU BASELINE 2022 no HSTEM

Balance Sheet

LRP Dept = None

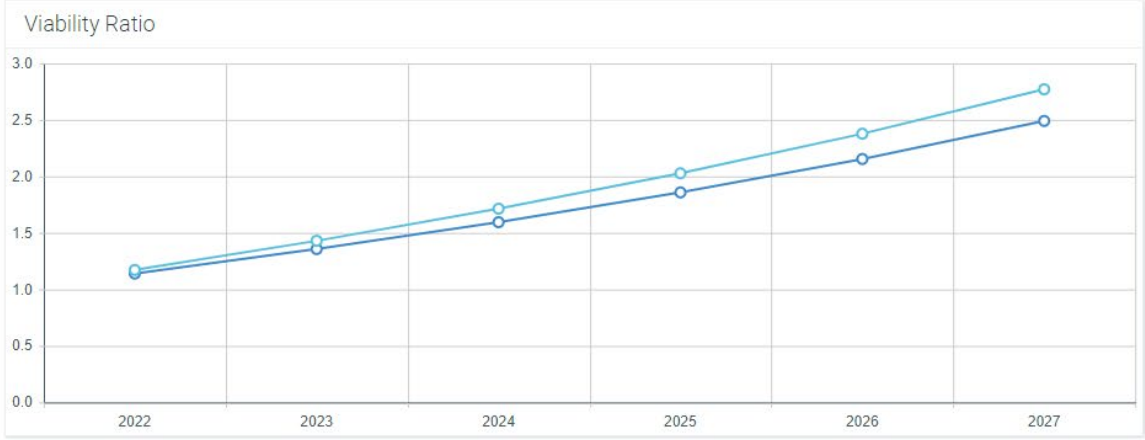
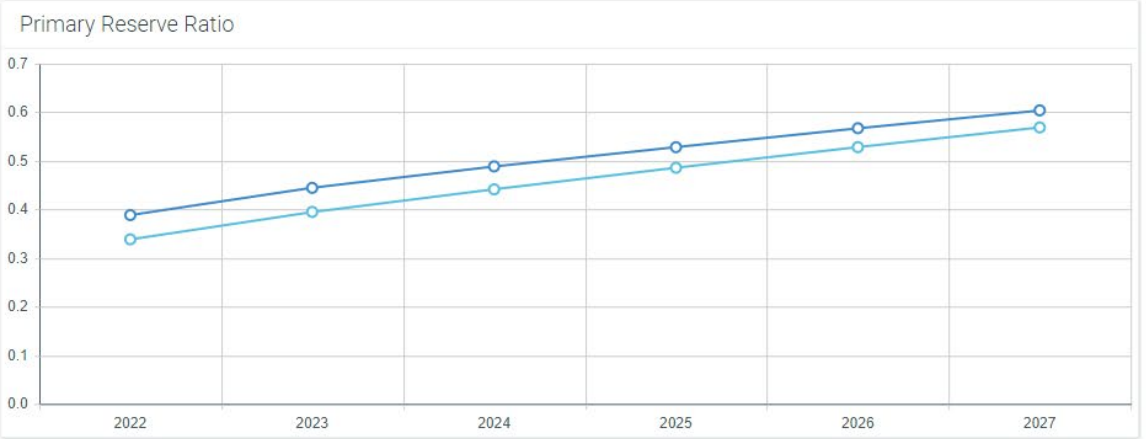
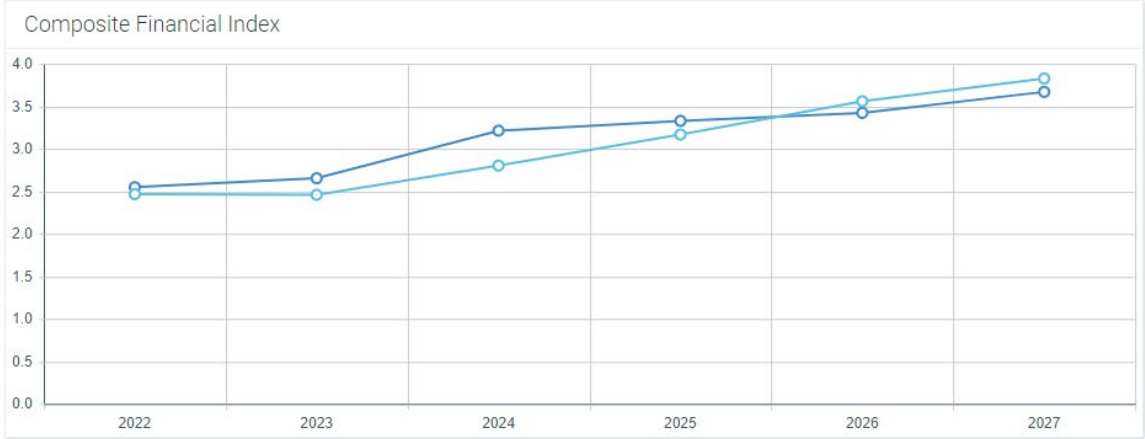
ACTIVITY	BALANCE SHEET	RATIOS	ASSUMPTIONS									
				Actual 2019	Actual 2020	Actual 2021	Plan 2022	Plan 2023	Plan 2024	Plan 2025	Plan 2026	Plan 2027
<b>Assets</b>												
<b>CURRENT ASSETS</b>												
Cash and Cash Equivalents				26,429,190	29,543,709	35,658,834	50,254,470	56,024,598	61,631,124	64,778,533	67,214,194	68,935,774
Accounts Receivable, net				19,884,566	14,490,942	20,166,958	21,157,434	21,609,981	22,072,664	22,545,721	23,029,395	23,523,934
Insurance Receivable				1,500,000	-	-	-	-	-	-	-	-
Pledges Receivable, net				923,492	849,449	1,661,638	1,661,638	1,661,638	1,661,638	1,661,638	1,661,638	1,661,638
Other Current Assets				2,274,273	1,969,071	1,205,252	1,205,252	1,205,252	1,205,252	1,205,252	1,205,252	1,205,252
<b>TOTAL CURRENT ASSETS</b>				<b>51,011,521</b>	<b>46,853,171</b>	<b>58,692,682</b>	<b>74,278,794</b>	<b>80,501,469</b>	<b>86,570,678</b>	<b>90,191,144</b>	<b>93,110,478</b>	<b>95,326,598</b>
<b>NON-CURRENT ASSETS</b>												
Restricted Cash for Capital Projects				77,304	99,422	-	-	-	-	-	-	-
Other Assets				2,001,305	2,014,890	2,024,338	2,024,338	2,024,338	2,024,338	2,024,338	2,024,338	2,024,338
Student Loans Receivables, net				9,717,147	7,958,867	6,208,258	4,458,258	2,708,258	958,258	958,258	958,258	958,258
Pledges Receivable, net of allowance and current position				1,712,253	798,115	17,377,039	15,377,039	13,377,039	11,377,039	9,377,039	7,377,039	5,377,039
Investments - Michigan Tech Fund				139,637,161	139,991,855	177,389,281	187,686,638	200,169,783	213,152,253	226,654,022	240,695,862	255,299,376
Investments - Michigan Tech University				35,598,727	37,770,613	42,943,734	45,090,921	47,345,467	49,712,740	52,198,377	54,808,296	57,548,711
Beneficial Interest in Charitable Remainder Trusts				6,273,104	6,110,969	7,778,511	7,778,511	7,778,511	7,778,511	7,778,511	7,778,511	7,778,511
Land Held for Investment				9,943,597	9,889,597	9,147,719	9,147,719	9,147,719	9,147,719	9,147,719	9,147,719	9,147,719
Capital Assets, net				234,218,326	227,503,910	221,553,124	206,943,587	192,187,955	177,284,766	162,232,546	147,029,803	131,675,033
Deferred Outflows - Deferred Pension Amounts				5,191,516	4,322,626	5,288,372	5,288,372	5,288,372	5,288,372	5,288,372	5,288,372	5,288,372
Deferred Outflows - Deferred OPEB Amounts				1,817,671	1,416,480	1,368,032	1,368,032	1,368,032	1,368,032	1,368,032	1,368,032	1,368,032
<b>TOTAL NON-CURRENT ASSETS</b>				<b>446,188,111</b>	<b>437,877,344</b>	<b>491,078,408</b>	<b>485,163,415</b>	<b>481,395,474</b>	<b>478,092,029</b>	<b>477,027,214</b>	<b>476,476,230</b>	<b>476,465,389</b>
<b>Total Assets</b>				<b>497,199,632</b>	<b>484,730,515</b>	<b>549,771,090</b>	<b>559,442,209</b>	<b>561,896,943</b>	<b>564,662,707</b>	<b>567,218,359</b>	<b>569,586,709</b>	<b>571,791,987</b>



# Long-Range Financial Planning Software

## Sample – Financial Ratios

### Scenario Comparison Dashboard





# Changes Impact Our Employees

*Attract and retain great faculty and staff to support our vision.  
Sustain healthy, inclusive and engaging work environment.*

## Actions/Initiatives

- **Enhanced Tuition Reimbursement (TRIP) Benefits**
  - 75% for dependents of employees that have 4 or more years service
- **Increasing Employee Retirement Contributions**
  - (7.5% to 8.5% over 2 years)
- **Enhanced Life Insurance Benefits**
  - \$5K to \$50K standard coverage
- **Enhanced PPO Benefits in 2021**
  - (lower deductibles, lower OOP, lower co-ins, with no cost passed on to employees)
- **2021 and 2022 - Held Health Care Costs Flat for Employees**
  - (University absorbing last two years increases, projected at 9% in coming year)
- **University Benefits Advisory Committee Established**
- **University Child Care Committee Established**
- **Administered Comprehensive Employee Benefits Survey – 2020/21**
  - (over 50% response rate)
- **Gradual Phase Out of RSVP Program**
- **RFP Issued for New Benefits Consultant**
- **COVID FY21 Temporary Budgeted Salary Reductions**
  - Planned decrement returned to employees
- **Early Implementation of FY22 Salary Increases**
  - Effective July 1, 2021 (scheduled on January 1)

# ENGAGEMENT

CAMPUSMASTERPLAN.MTU.EDU/

**Michigan Tech** 1885

HOME ABOUT THE PLAN THE PROCESS CONTACT US GET INVOLVED

# CAMPUS MASTER PLAN

*Tomorrow needs Michigan Tech.  
But what does Michigan Tech need  
to meet the needs of tomorrow?*

# SHARE YOUR IDEAS

- The Plan**  
What will make this Campus Plan successful?  
Outline of connected build... 5 days ago by [pahelden](#)
- Image and Place**  
What makes Michigan Tech special? The Campus Plan is an opportunity to strengthen the brand and identity of the university through placemaking. What do you envision?  
A global service-learning co... 6 days ago by [wlytle](#)
- Sustainability**  
How is sustainability defined at Michigan Tech? What is the university currently doing in terms of sustainability? Help us identify the critical themes that will shape the Sustainability Framework for the Campus Plan.  
Sustainability as a Different... 6 days ago by [rhandler](#)
- Diversity and Inclusion**  
What is the university currently doing to elevate and support Diversity and Inclusion? How can we improve the sense of belonging through the Campus Plan?  
Supporting Amenities 5 days ago by [RebeccaOng](#)
- Academics**  
Talk to us about the teaching and learning spaces on your campus. What's working, what's not, and what needs to be improved?  
Sustainability Education 5 days ago by [rhandler](#)
- Research**  
Talk to us about the research spaces on your campus. What's working, what's not, and what needs to be improved?  
Sometimes it's the little thin... 5 days ago by [jstallen](#)
- Student Life**  
Overall, what are the strengths of the student life experience on campus? What aspects could be improved? Do students feel they have access to the academic and student resources they need?  
SDC needs a facelift 5 days ago by [khannum](#)
- Community Life**  
In what ways is Michigan Tech currently engaging with the greater Houghton/Hancock community? What are the challenges, if any, with the community and university interactions?  
How to use the forum Apr 29 by [Alex Huff, SmithG...](#)
- Housing**  
How well do the current residence halls support student living? Is there a strong variety of housing options, and is the housing typology mix balanced? Is there a disparity between on-campus and off-campus housing offerings?  
How to use the forum Apr 29 by [Alex Huff, SmithG...](#)
- Mobility and Transportation**  
Talk to us about mobility and transportation on campus. What is the experience of walking, biking, driving, riding, snowmobiling to campus? Where are there issues of safety and accessibility?  
EV, bicycles, and public tran... 5 days ago by [Sully](#)
- Recreation**  
What are the strengths of recreational opportunities and facilities on campus? Where do they fall short? How/where could they be improved?  
Open Spaces 5 days ago by [khannum](#)
- Athletics**  
What are the overall strengths of athletics at Michigan Tech? In terms of facilities, what's working, what's not, and what needs to be improved? How can the Campus Plan improve the student-athlete experience?  
Unique NCAA spaces 5 days ago by [khannum](#)



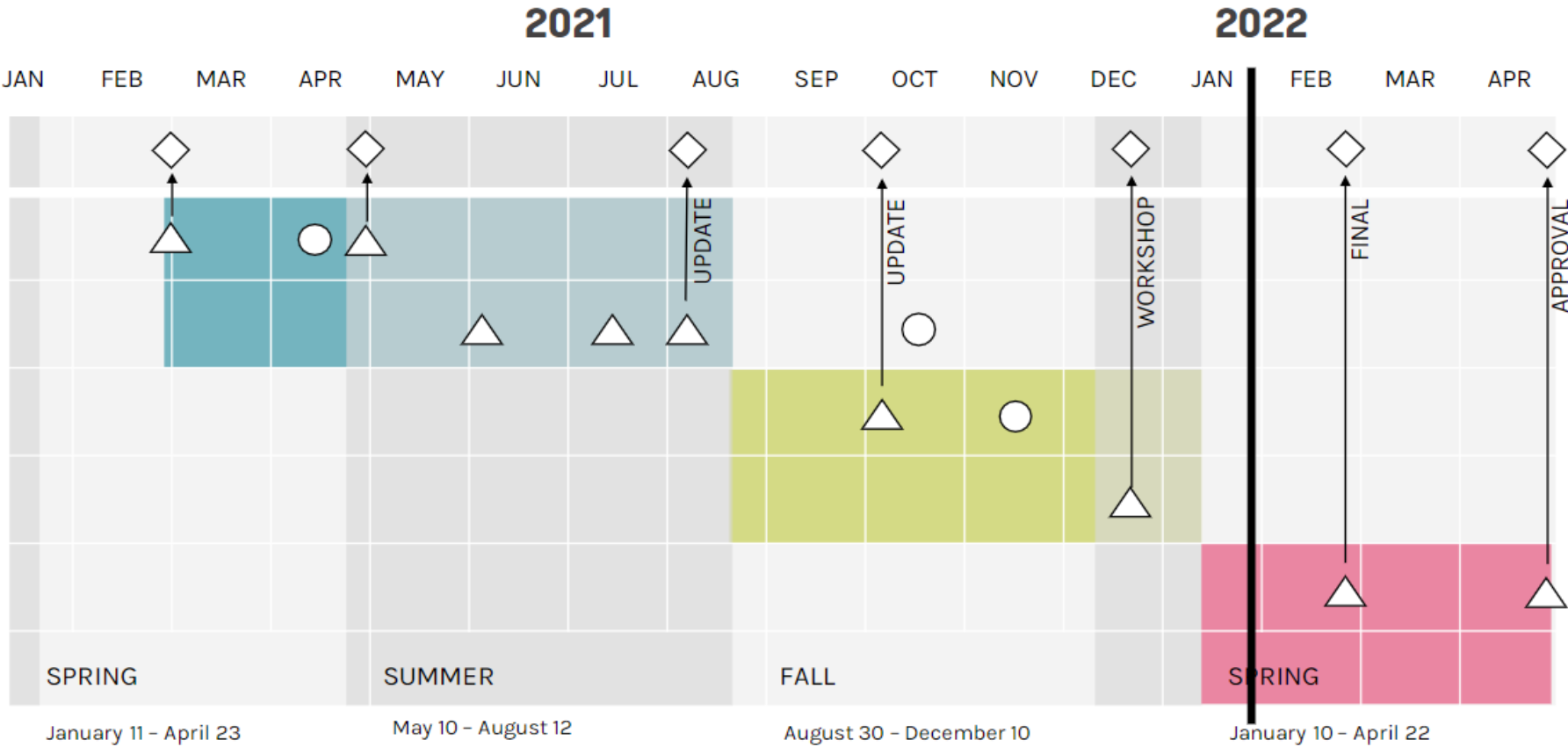
# Campus Master Plan

## SCHEDULE

### 1. UNDERSTAND

### 2. EXPLORE

### 3. REALIZE



### SCHEDULE HIGHLIGHTS

- November On-Campus Engagement - Scenarios
- December Board Workshop - Campus Master Plan Recommendations
- February Virtual Engagement & Board Presentation - Campus Master Plan



# ONLINE REACTIONS TO THE ALTERNATIVES

CAMPUSMASTERPLAN.MTU.EDU

Huskies Pep Band needs rehearsal space (*JaredA*)

Reno ROTC Building gym for recreation (*dfgw*)

Removing lots will make parking even more of a premium (*ongbw*)

Expand A.E. Seaman Mineral Museum (*John J*)

Rozsa Center parking important (*John J*)

Integrate solar with parking structures, (*cschell*)

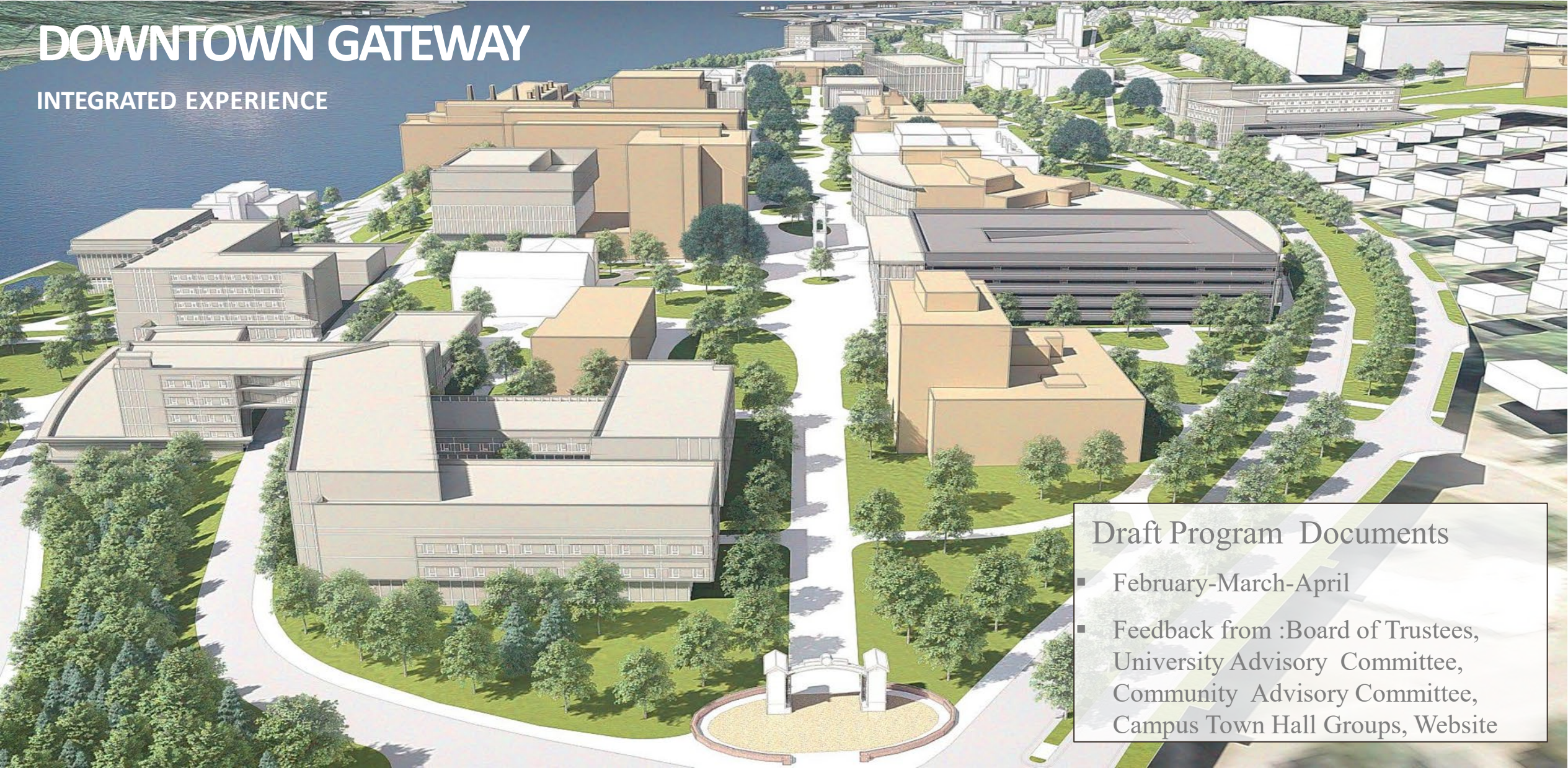
Develop Seventh Ave area for research or housing (*rehaz*)

Provide for bike access and parking (*cschell*)

The screenshot shows the Michigan Tech website with a dark header. The navigation menu includes HOME, ABOUT THE PLAN, THE PROCESS, DOCUMENTS, CONTACT US, and a yellow GET INVOLVED button. The main content area is divided into two sections. The top section, titled 'REALIZE', has a pink background and features the text 'SHARE YOUR IDEAS on Alternatives / Scenarios' and a 'POST & DISCUSS' button. To the right, a purple box says 'COMING SOON' and 'Come back in Spring 2022 to see the Final Draft'. The bottom section, titled 'EXPLORE', has a green background and features the text 'CAMPUS OPEN HOUSE Monday, November 15' and a 'CLICK TO VIEW CONCEPT BOARDS' button. A paragraph of text describes virtual townhalls and a presentation in November.

# DOWNTOWN GATEWAY

INTEGRATED EXPERIENCE



Draft Program Documents

- February-March-April
- Feedback from :Board of Trustees, University Advisory Committee, Community Advisory Committee, Campus Town Hall Groups, Website

# EAST GATEWAY





# Financial Health Update

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- Moody's Credit Opinion
- Composite Financial Index (CFI)
- Debt Metrics
- Cash Position

# Moody's Credit Opinion – Credit Strengths & Challenges

## Strengths:

- Niche focus on STEM & Research Platform
- Good revenue diversification
- Favorable fundraising on a per student basis
- Manageable pro forma leverage

## Challenges:

- Consistently thin operating performance
- Average annual debt service coverage of less than 2x
- Highly competitive student market
- Limited capital investment in recent years may hinder competitiveness
- Higher cost business model associated with STEM focus constrains budget flexibility
- Limited financial flexibility ~126 days cash on hand



# Moody's Credit Opinion – Rating Outlook: Stable

**Moody's Credit Opinion:** *Moody's Investors Service has assigned an A1 to Michigan Technological University's (MTU) proposed approximately \$31 million of General Revenue Bonds, Series 2021, maturing in fiscal 2052. Moody's has also affirmed the A1 ratings on approximately \$70 million of outstanding general revenue bonds, out of \$86 million of total debt as of June 30, 2020. The outlook is stable.*

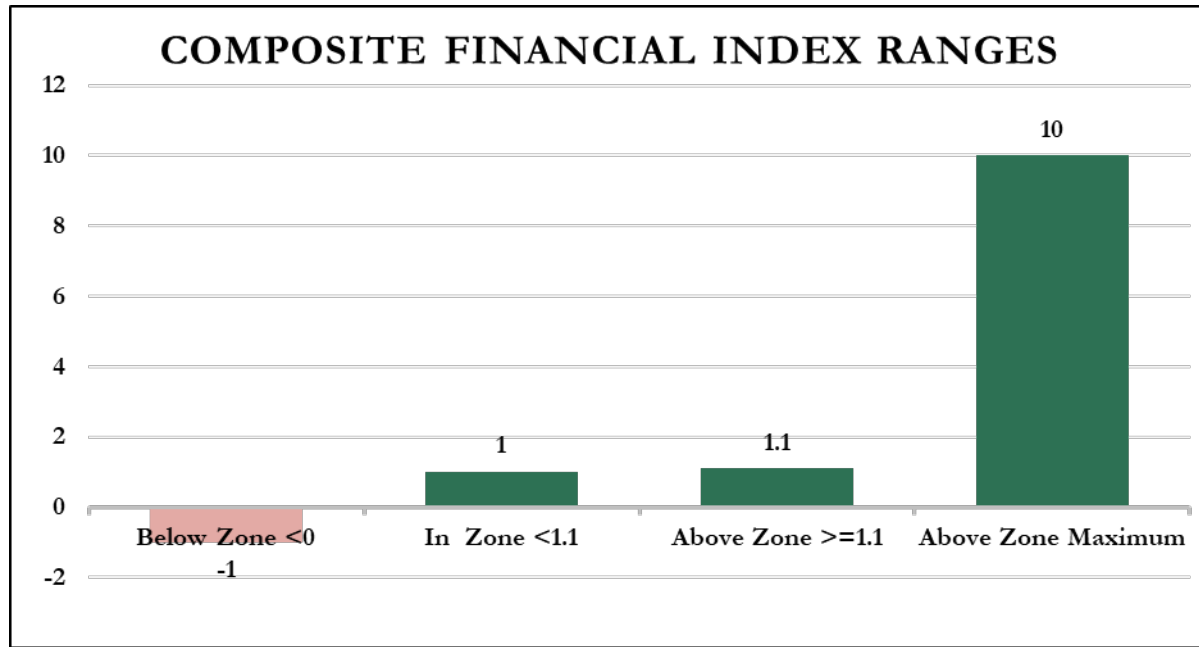
## **Factors that could lead to an upgrade**

- Increase in financial reserves
- Stronger debt service coverage from cash flow
- Broader geographic reach for enrollment

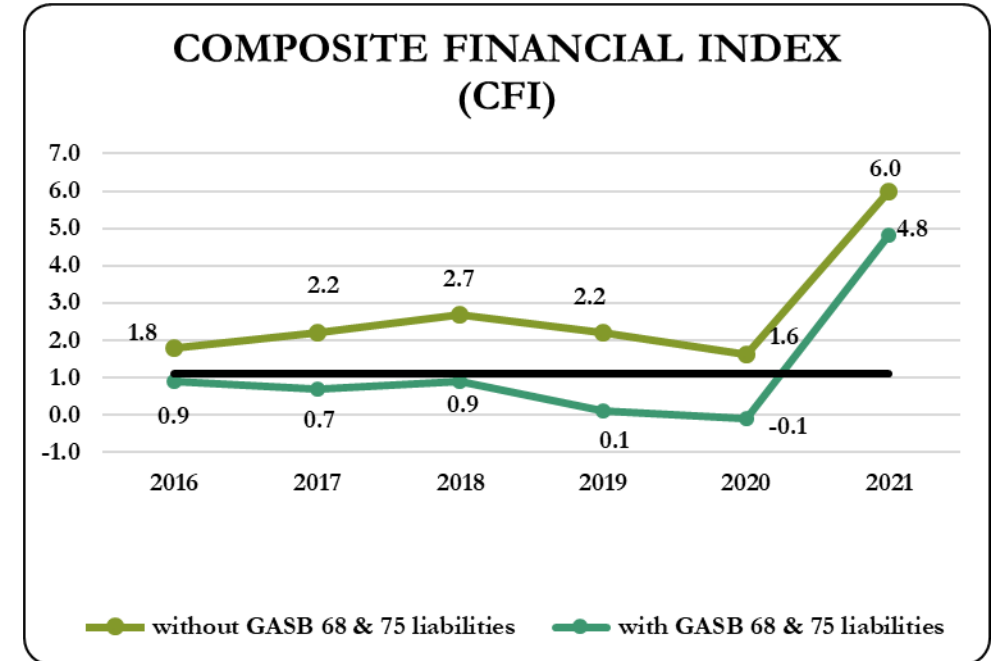
## **Factors that could lead to a downgrade**

- Decline in enrollment and net tuition revenue
- Material weakening of leverage profile
- Erosion of unrestricted liquidity in light of thin operating margins

# HISTORICAL FINANCIAL PERFORMANCE – CFI METRIC



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. Amounts below 0 are considered "Below Zone" require a report and panel review.

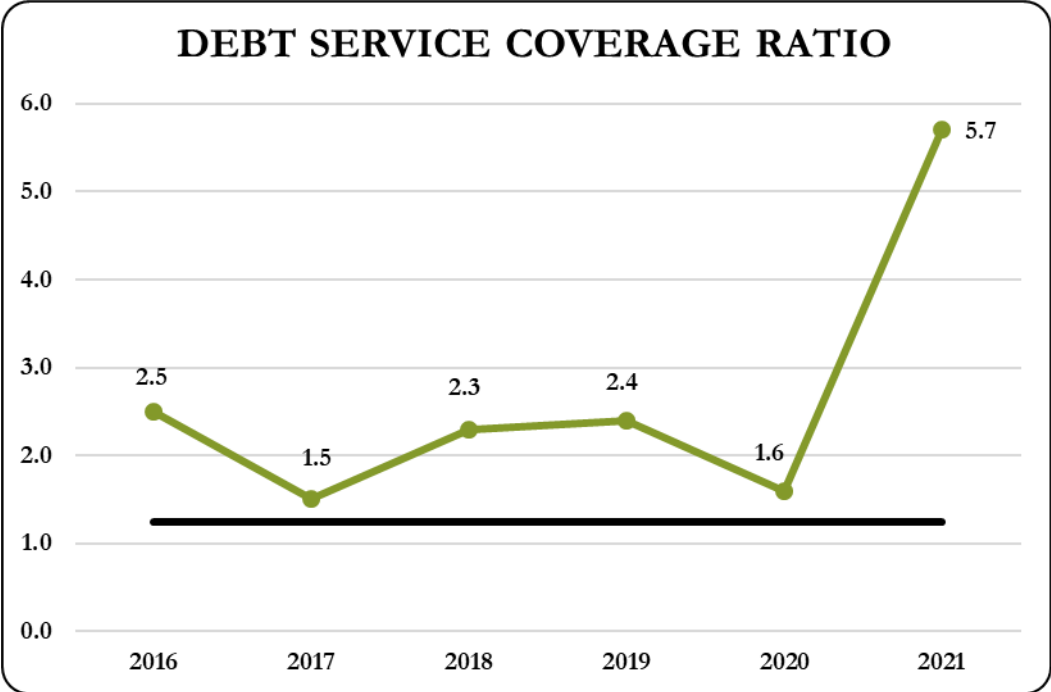


## CFI Components:

- **Primary Reserve Ratio** – [Sufficient Resources](#)
- **Net Operating Revenue Ratio** – [Operating Results](#)
- **Return on Net Assets Ratio** – [Financial Asset Performance](#)
- **Viability Ratio** – [Debt Management](#)

# HISTORICAL FINANCIAL PERFORMANCE – DEBT METRIC

<u>University</u>	<u>2020 Annual Debt Service Coverage</u>
University of Michigan - Ann Arbor	4.5
Grand Valley State University	3
Northern Michigan University	2.5
Saginaw Valley State University	2.3
Wayne State University	1.9
Oakland University	1.8
Western Michigan University	1.7
Central Michigan University	1.7
<b>Michigan Technological University</b>	<b>1.6</b>
Eastern Michigan University	1.5
Michigan State University	1.3



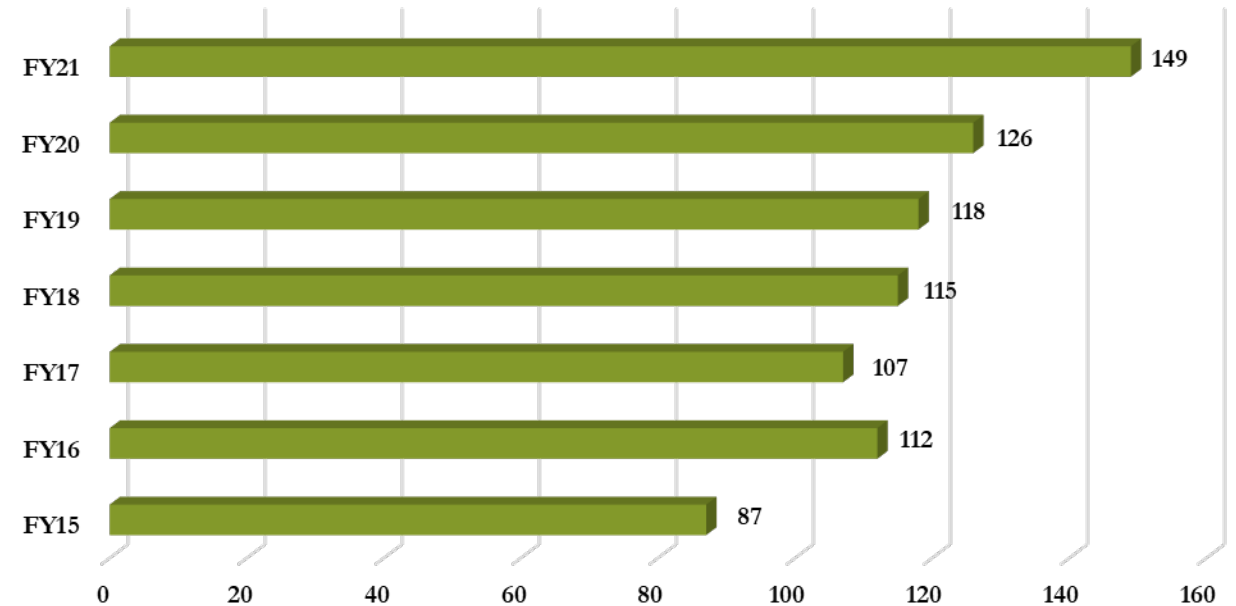
Per debt guidelines, Debt Service Coverage Ratio should be greater than 1.25.



# HISTORICAL FINANCIAL PERFORMANCE – CASH POSITION

<u>University</u>	<u>2020 Days Cash On Hand</u>
Saginaw Valley State University	326
Oakland University	318
Central Michigan University	282
Northern Michigan University	270
Grand Valley State University	255
Michigan State University	238
Western Michigan University	214
Ferris State University	207
University of Michigan - Ann Arbor	180
Wayne State University	144
<b>Michigan Technological University</b>	<b>126</b>
Eastern Michigan University	99

HISTORICAL DAYS OF CASH ON HAND





# FY2021 Year-End Financial Performance

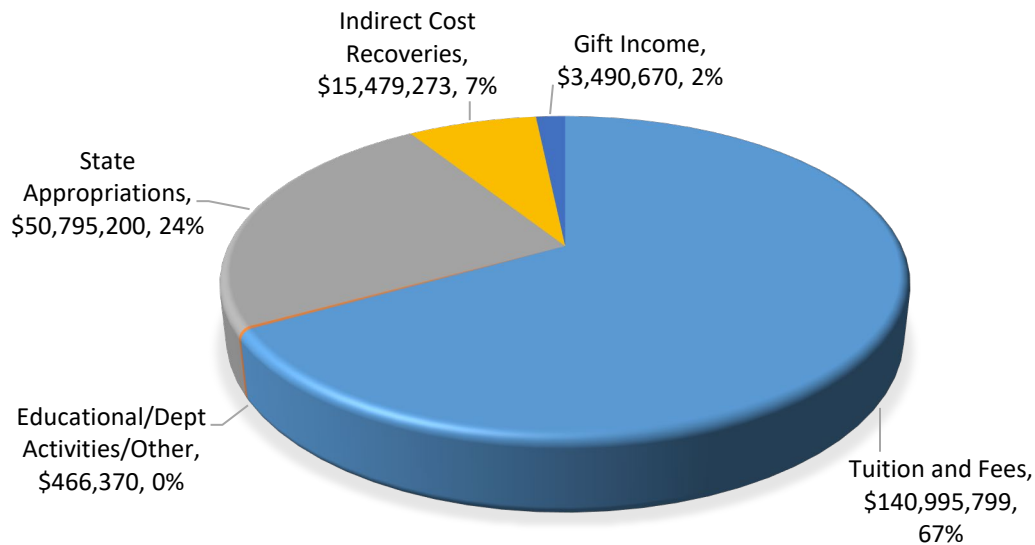
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# FY21 MTU - General Fund

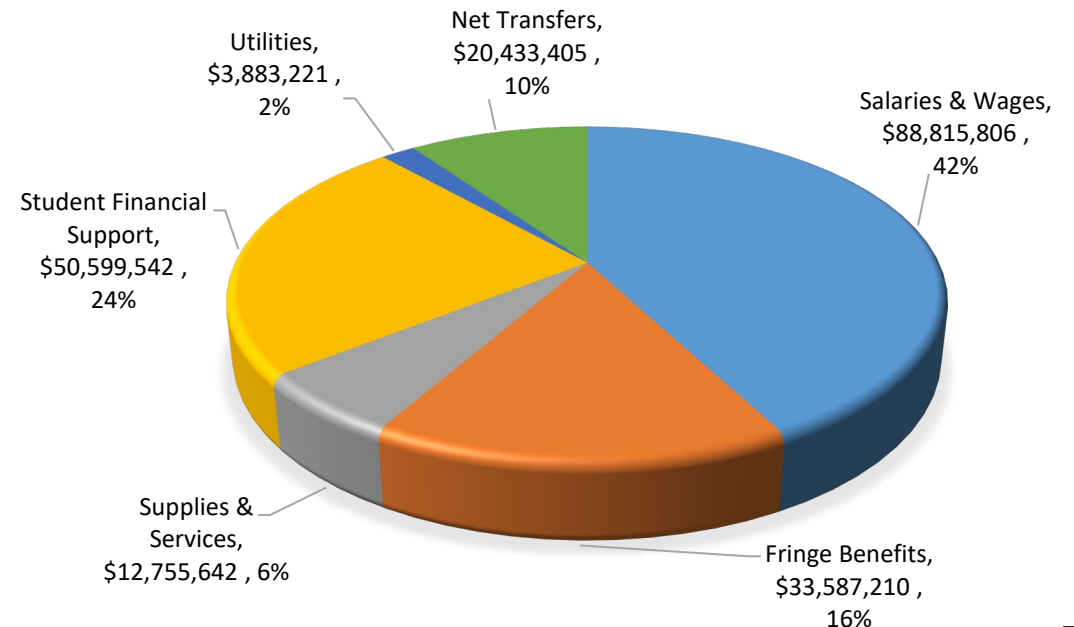
## Statement of Revenues, Expenses & Changes in Net Position

	2017	2018	2019	2020	2021
Operating/Non-Operating Revenues	\$197,774	\$205,779	\$209,803	\$206,320	\$211,227
Operating Expenditures/Transfers	<u>\$194,789</u>	<u>\$204,381</u>	<u>\$207,984</u>	<u>\$211,567</u>	<u>\$210,075</u>
Change in Net Position	\$2,985	\$1,398	\$1,819	<b>(\$5,247)</b>	\$1,152

**FY2021 GENERAL FUND REVENUE**



**FY2021 GENERAL FUND EXPENDITURES/TRANSFERS**

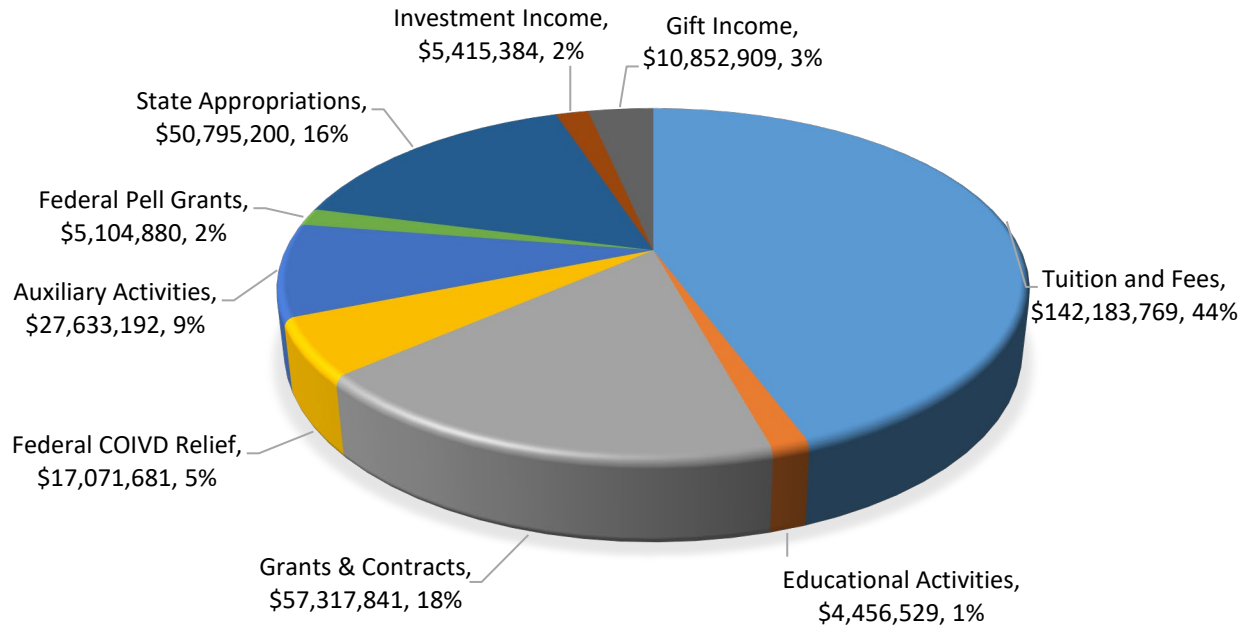


# FY21 MTU - Current Fund

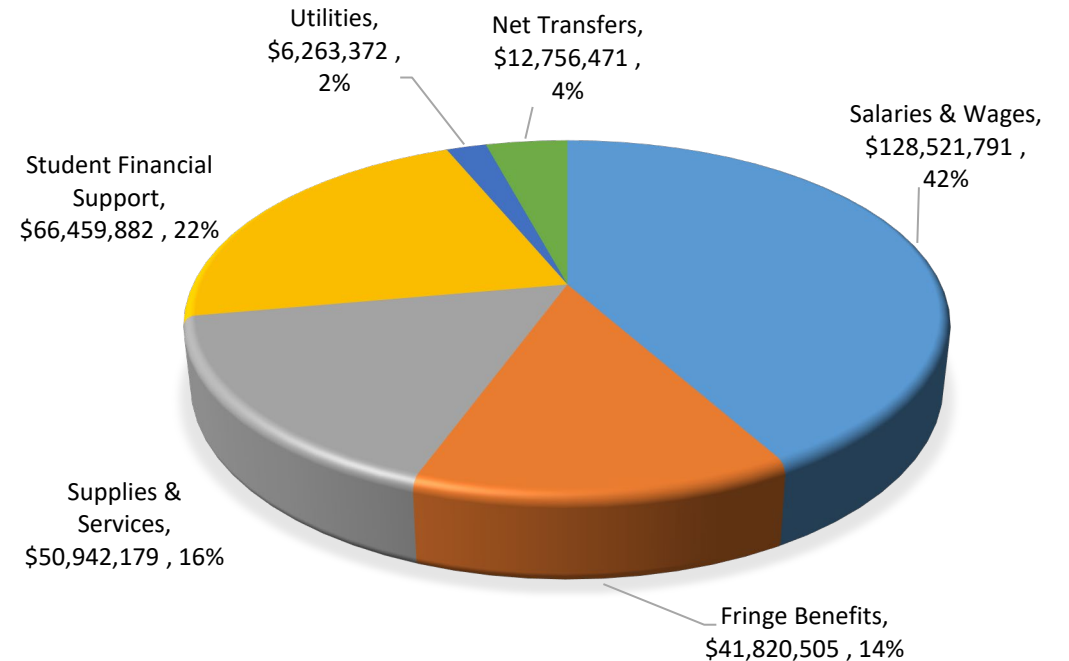
## Statement of Revenues, Expenses & Changes in Net Position (Excluding GASB 68 & 75)

	2017	2018	2019	2020	2021
Operating/Non-Operating Revenues	\$289,766	\$302,104	\$307,187	\$298,800	\$320,831
Operating Expenditures/Transfers	<u>\$288,155</u>	<u>\$298,601</u>	<u>\$304,820</u>	<u>\$302,747</u>	<u>\$306,764</u>
<b>Change in Net Position</b>	<b>\$1,611</b>	<b>\$3,503</b>	<b>\$2,367</b>	<b>(\$3,947)</b>	<b>\$14,067</b>

**FY2021 CURRENT FUND REVENUE**



**FY2021 CURRENT FUND EXPENDITURES/TRANSFERS**





# FY2022 Enrollment Update/Financial Projections

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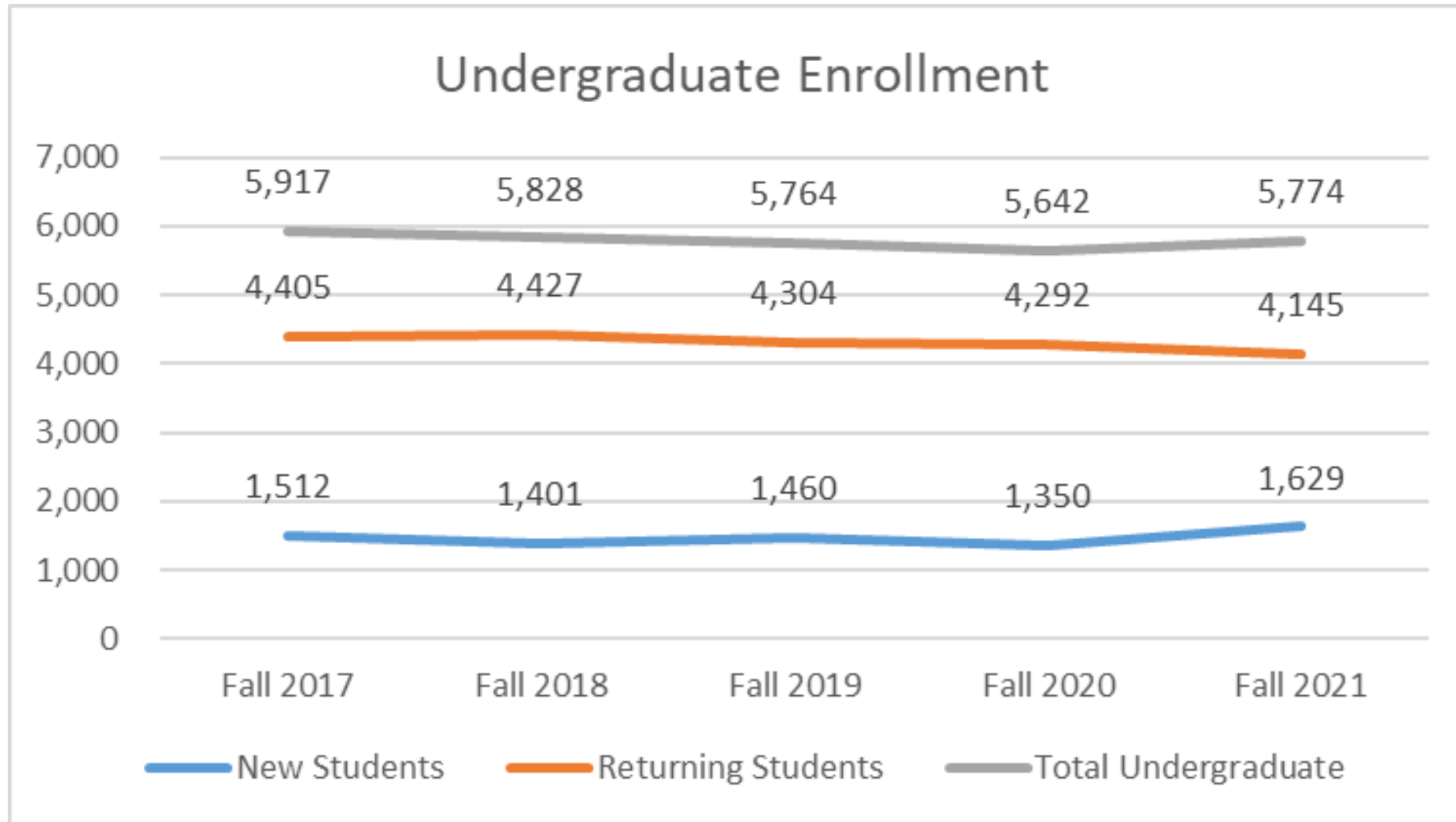
# Fall 2021 Actual Enrollments – Michigan Universities

## Change in Total Student Headcount 2021-22 and 2020-21 Fall Terms

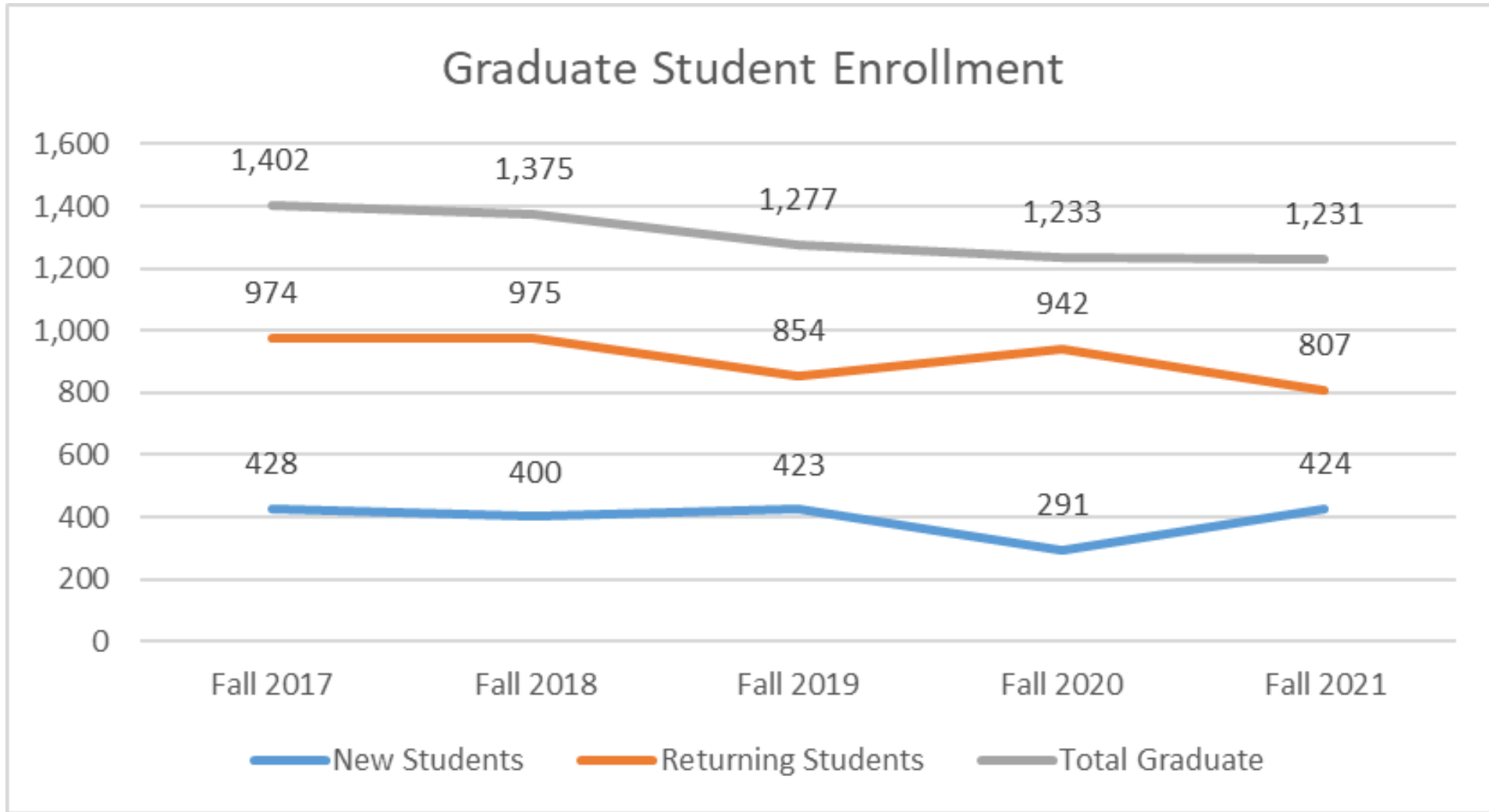
<u>Institution</u>	<u>2021</u>	<u>2020</u>	<u># Change</u>	<u>% Change</u>
University of Michigan - Ann Arbor	50,278	47,907	2,371	4.95%
Michigan Technological University	7,006	6,875	131	1.91%
Michigan State University	49,659	49,695	-36	-0.07%
Northern Michigan University	7,214	7,368	-154	-2.09%
Grand Valley State University	22,406	23,350	-944	-4.04%
Wayne State University	24,931	26,251	-1,320	-5.03%
Lake Superior State University	1,812	1,909	-97	-5.08%
University of Michigan - Dearborn	8,331	8,783	-452	-5.15%
Eastern Michigan University	15,370	16,324	-954	-5.84%
University of Michigan - Flint	6,418	6,829	-411	-6.02%
Saginaw Valley State University	7,523	8,030	-507	-6.31%
Western Michigan University	19,038	20,490	-1,452	-7.09%
Ferris State University	10,361	11,165	-804	-7.20%
Oakland University	17,170	18,552	-1,382	-7.45%
Central Michigan University	15,421	17,344	-1,923	-11.09%
<b>Totals</b>	<b>262,938</b>	<b>270,872</b>	<b>-7,934</b>	<b>-2.93%</b>

Source: MASU Fall Enrollment Report

# MTU Undergraduate Student Historical Enrollment



# MTU Graduate Student Historical Enrollment



# 1<sup>st</sup> Qtr. Analysis: Year-End Projections

## Fiscal Year 2022 – As of September 30, 2021

	General Fund				Current Fund			
	Adjusted Budget	Projection	Variance	%	Original Projection	Projection	Variance	%
<b>OPERATING REVENUES</b>	162,897,093	169,180,438	6,283,345	3.9%	248,921,780	260,723,274	11,801,494	4.7%
<b>OPERATING EXPENSES</b>	(202,404,676)	(204,215,402)	(1,810,726)	-0.9%	(314,340,039)	(319,944,507)	(5,604,468)	-1.8%
<b>TOTAL TRANSFERS</b>	(15,709,723)	(17,391,405)	(1,681,682)	-10.7%	(11,732,272)	(13,588,527)	(1,856,255)	-15.8%
<b>NONOPERATING REVENUES</b>	55,232,229	57,245,387	2,013,158	3.6%	82,649,200	84,864,961	2,215,761	2.7%
<b>CHANGE IN NET POSITION</b>	<b>\$ 14,923</b>	<b>\$ 4,819,017</b>	<b>4,804,094</b>		<b>\$ 5,498,669</b>	<b>\$ 12,055,201</b>	<b>6,556,532</b>	



# Questions

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