

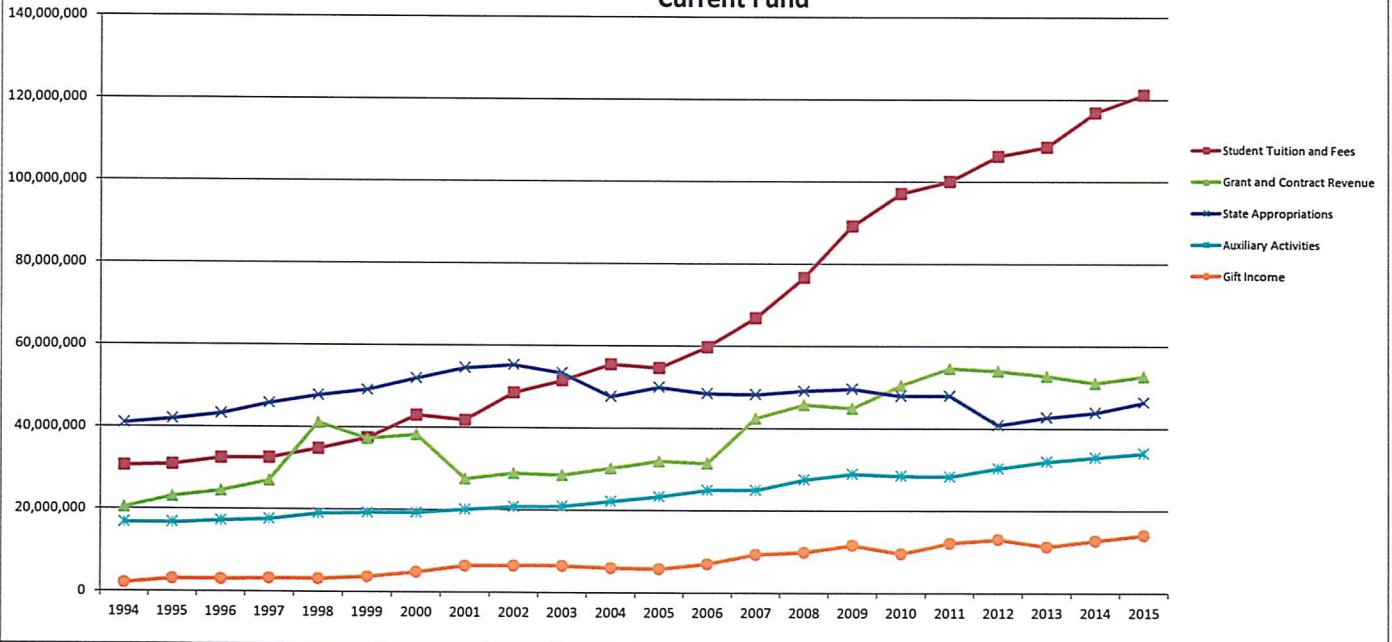
Campus Budget Forum

January 28, 2015

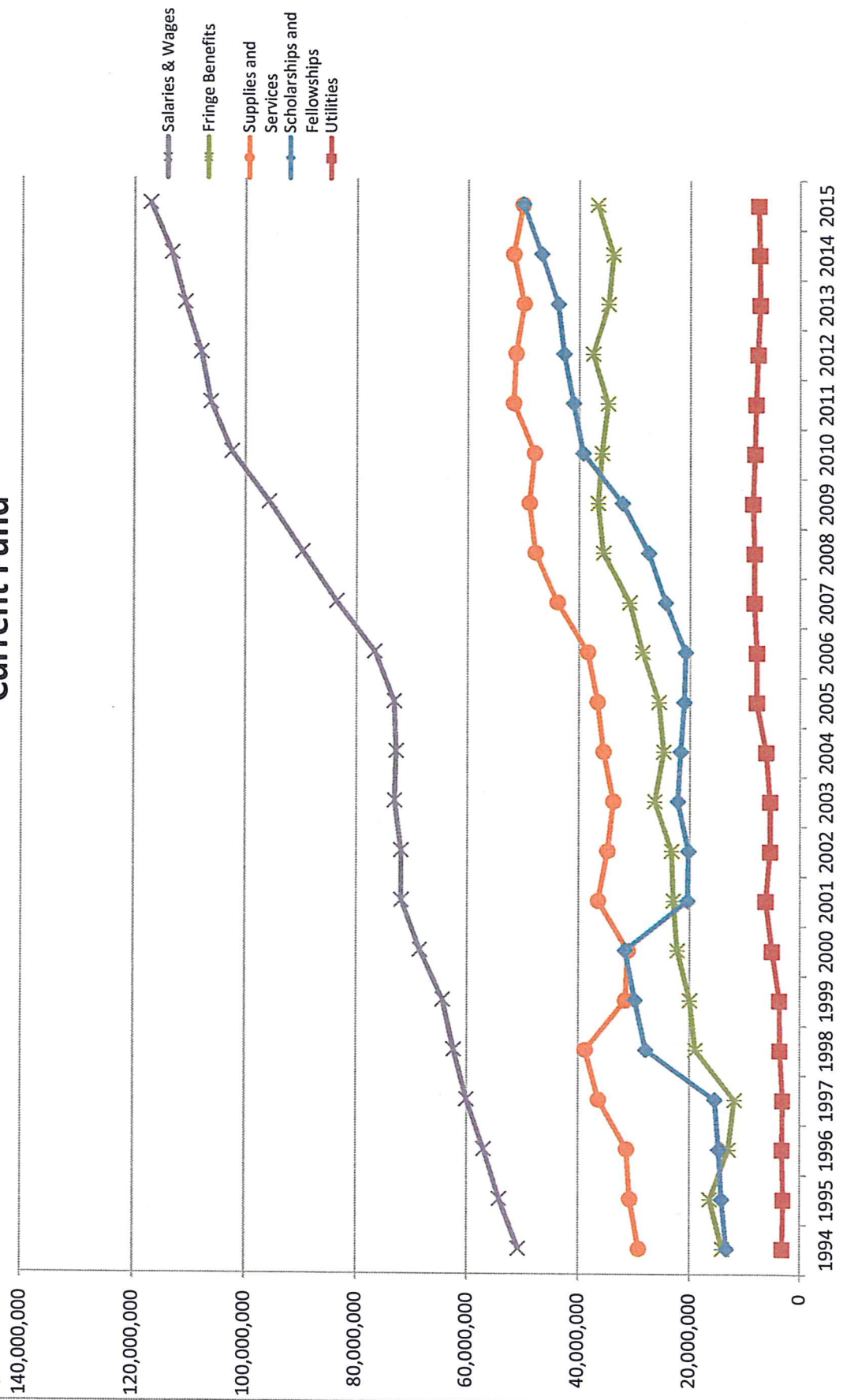
David Reed, Vice President for Research

- I. Background
- II. Last Year [FY2014; July 1, 2013 – June 30, 2014]
- III. This Year [FY2015; July 1, 2014 – June 30, 2015]
- IV. Next Year [FY2016; July 1, 2015 – June 30, 2016]
- V. Senate Questions and Wrap-up

Revenue Trends FY94 - FY15
Current Fund



Expense Trends FY94 - FY15 Current Fund



Michigan Technological University
Debt Service Obligations
As of June 30, 2014

Bonds Outstanding	Long-Term Outstanding Amount	FY15 Debt Service
<u>Series 2006 Bond Issue:</u>		
Maintenance Issues (25% match for Cap Outlay)		
Child Care Facility		
Total Series 2006 Bond Issue	\$ 75,000	\$ 74,536
<u>Series 2008 Bond Issue:</u>		
Purchase of UPPCO Building		
Partial Funding of KRC Building		
MUB Ballroom Renovation		
Total Series 2008 Bond Issue	\$ 5,215,000	\$ 379,213
<u>Series 2009 Bond Issue:</u>		
New Student Apartment Building		
Partial Funding of KRC Building		
Total Series 2009 Bond Issue	\$ 16,400,000	\$ 1,438,252
<u>Series 2010 Bond Issue:</u>		
Great Lakes Research Center		
A.E. Seaman Mineral Museum		
KRC Building Purchase (Blizzard Building)		
Life Safety Improvements on Campus		
Total Series 2010 Bond Issue	\$ 8,900,000	\$ 1,211,302
<u>Series 2012 Bond Issue: (refunding 2003 & 2004 Series)</u>		
Refunding of 2003 & 2004 Fixed Rate Bond Issues		
SDC Ice Plant and Partial Roof of SDC		
Total Series 2012 Bond Issue	\$ 31,320,000	\$ 2,575,375
<u>Series 2013 Bond Issue: (refunding 2006 & 2008 Series)</u>		
Refunding 2006 Bond Issue		
Refunding partial 2008 Bond Issue		
Total Series 2013 Bond Issue	\$ 13,995,000	\$ 590,525
Total - All Bond Issues	\$ 75,905,000	\$ 6,269,203

**Michigan Tech
Bond Payment Schedule**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,520,000	\$ 3,749,203	\$ 6,269,203
2016	2,590,000	3,669,769	6,259,769
2017	2,580,000	3,590,523	6,170,523
2018	2,660,000	3,500,243	6,160,243
2019	2,760,000	3,393,417	6,153,417
2020	2,865,000	3,275,756	6,140,756
2021	2,980,000	3,142,493	6,122,493
2022	3,115,000	2,993,273	6,108,273
2023	3,255,000	2,839,964	6,094,964
2024	3,395,000	2,680,988	6,075,988
2025	3,545,000	2,514,923	6,059,923
2026	3,680,000	2,358,224	6,038,224
2027	3,840,000	2,181,979	6,021,979
2028	4,015,000	1,984,253	5,999,253
2029	4,180,000	1,797,015	5,977,015
2030	3,180,000	1,628,783	4,808,783
2031	3,305,000	1,471,059	4,776,059
2032	3,455,000	1,295,550	4,750,550
2033	3,610,000	1,101,993	4,711,993
2034	3,790,000	899,357	4,689,357
2035	3,655,000	694,820	4,349,820
2036	1,820,000	538,703	2,358,703
2037	1,895,000	425,718	2,320,718
2038	1,785,000	311,803	2,096,803
2039	1,875,000	196,460	2,071,460
2040	1,550,000	85,881	1,635,881
2041	525,000	17,194	542,194
Total	<u>\$ 78,425,000</u>	<u>\$ 52,339,344</u>	<u>\$ 130,764,344</u>

Policy Number:	2.2XXX
Title:	Debt Policy
Effective:	11/XX/2014
Senate Proposal:	No
Responsible University Officer:	Executive Director of Financial Services and Operations
Responsible Office:	Financial Services and Operations

Policy Statement

Michigan Tech University will use debt to advance the strategic plan and meet long term capital needs.

.Policy Requirements

The Executive Director of Financial Services and Operations will accept completed requests for capital additions from each member of the executive team on a continual basis throughout the year. Requests that require action to meet a specified time deadline will be reviewed once all information is submitted. Non-emergency and normal operational requests will be reviewed collectively twice a year on March 15th and September 15th. The Office of Financial Services and Operations will prepare a financial impact statement for the executive team to review the aggregated capital requests. The report will include the following:

1. Total capital debt requirements to fund the submitted requests
2. Estimated expense that would be incurred to fund principal and interest payments on any proposed new debt
3. A summary report that includes Michigan Tech's current debt rating, the dollar value of existing debt capacity, and the value for each ratio defined in this policy

The following financial ratios (ratios are defined in the Definition Section of this policy) shall be calculated on an annual basis:

1. Primary Reserve Ratio:
2. Viability Ratio:
3. Return on Net Assets Ratio
4. Net Operating Revenues

MICHIGAN TECH STATEMENT OF LIQUIDITY

The underlying concept behind liquidity is directly related to how quickly the university can access cash, during both normal and stressed times, to meet its financial obligations.

TIME HORIZONS FOR EVALUATING LIQUIDITY

Time horizons for evaluating liquidity generally fall into two periods of time. The first, short term period, is often considered as a single day period and assets are generally calculated based on same day and next day assets. The intermediate term measure is usually considered to be a thirty day period and the primary reason for that is it encompasses a normal distribution of payroll. Periods longer than thirty days may have some relevance due to the timing of when tuition and fees are collected.

For practical reasons, it would be appropriate for Michigan Tech to evaluate its level of liquidity based on a thirty day period in recognition that the most immediate expense that needs to be funded is payroll. Generally other expenses can be managed and aligned with the episodic collection of tuition and fees, which by their very nature occurs primarily twice a year in late August and early September and again in January.

SOURCES OF FUNDS AVAILABLE FOR MEASURING LIQUIDITY

A measure of liquidity assesses the university's access to assets that can be converted to cash in a relatively short period of time in order to meet its financial obligations. In Michigan Tech's case the time frames for assessing liquidity are as follows:

- Same day and next day assets – this represents the most immediate time period; however, it is highly unlikely that Michigan Tech would ever be in a position to have to liquidate any of its assets to meet its immediate obligations. Same day and next day assets in the case of Michigan Tech would be represented by the following categories: cash and operating funds, investments that are highly liquid, endowment cash and other assets, and the operating line of credit. For a snapshot of these numbers, you can look at Michigan Tech's FY14 Audit Report, specifically the Schedule of Net Position by Fund as of June 30, 2014:
 - Cash and cash equivalents (less Agency funds) \$12,449,982-\$1,718,666= \$10,731,316
 - Bank Line of Credit = \$20,000,000
 - University Investments = \$14,404,244
 - Expendable Restricted (Demand Accounts) = \$12,000,000 (approximate)
 - Tech Fund Unrestricted = \$3,344,999
- Intermediate Term – this represents a 30 day time period or it could represent some other defined period of time, but it would not go out for a period that's duration is greater than one year. Intermediate Term liquidity would include all elements identified in the Same Day – Next Day asset category and additionally, the following:

Michigan Technological University
FY14 Current Funds Income Statement Projection
June 30, 2014

	June Unaudited				Total
	General Fund	Designated Fund	Auxiliary Fund	R&I Fund	
<u>OPERATING REVENUES</u>					
Student Tuition and Fees	\$ 115,888,794	\$ 1,058	\$ 912,211		\$ 116,802,063
Federal Grants and Contracts	138,105				138,105
State/Local Grants and Contracts					3,201,394
Nongovernmental Grants and Contracts					12,908,372
Indirect Cost Recoveries	11,597,063				11,597,063
Educational Activities	351,077	3,497,882	910,612	169,848	4,929,419
Student Resident Fees			23,567,437		23,567,437
Sales and Services of Dept Activities	6,883	76,305	9,269,419		9,352,607
	\$ 127,981,922	\$ 3,575,245	\$ 34,659,679	\$ 169,848	\$ 166,386,694
					\$ 33,769,854
					\$ 200,156,548
<u>OPERATING EXPENSES</u>					
Salaries & Wages - Faculty & Staff	(70,108,959)	(6,543,815)	(8,294,775)	(2,013,679)	(86,961,228)
Salaries & Wages - Graduate Students	(4,496,840)	(674,211)	(464,791)		(5,635,842)
Salaries & Wages - Undergrad Students	(1,612,462)	(578,002)	(1,400,560)		(3,591,024)
Fringe Benefits	(27,278,060)	(1,750,045)	(2,797,651)	675,910	(31,149,846)
Supplies and Services	(17,194,938)	(9,306,720)	(12,002,968)	(921,598)	(39,426,224)
Scholarships and Fellowships	(33,075,905)	(518,068)	(346,887)		(33,940,860)
Utilities	(4,242,653)	(240,244)	(3,044,399)		(7,527,296)
Depreciation					
	\$ (158,009,817)	\$ (19,611,105)	\$ (28,352,031)	\$ (2,259,367)	\$ (208,232,320)
					\$ (45,148,081)
					\$ (253,380,401)
<u>TRANSFERS</u>					
	\$ (13,542,319)	\$ 10,187,917	\$ (8,547,759)	\$ 1,887,245	\$ (10,014,916)
<u>NONOPERATING REVENUES (EXPENSES)</u>					
Federal Grants					
State appropriations, Operating	43,785,501				43,785,501
Gift Income	663,166	7,004,147	529,966		8,197,279
Investment Income (loss)				2,519,555	2,519,555
Interest Expense					
Capital Appropriations		20,000			20,000
Capital Grants and Gifts					
Fund Additions (Deductions)					
	\$ 44,448,667	\$ 7,024,147	\$ 529,966	\$ 2,519,555	\$ 54,522,335
	\$ 878,453	\$ 1,176,204	\$ (1,710,145)	\$ 2,317,281	\$ 2,661,793
					\$ 64,742,720
					\$ 3,926,753
June Preliminary					

FY15 Current Fund Projection

	General Fund	Designated Fund	Auxiliary Fund	R&I Fund	Total Current Unrestricted	Total Expendable Restricted	Total Current Fund
Operating Revenues							
Tuition and Fees	120,510,671		1,053,849		121,564,520		121,564,520
Federal Grants and Contracts	150,000				150,000	30,864,595	31,014,595
State & Local Government Grants & Contracts					0	3,029,635	3,029,635
Nongovernmental Grants & Contracts					0	12,896,656	12,896,656
Indirect Cost Recoveries	12,426,000				12,426,000	(12,426,000)	0
Educational Activities	117,000	3,151,232	858,963		4,127,195	448,167	4,575,362
Student Resident Fees		192,905	24,392,791		24,392,791		24,392,791
Sales and Services of Dept Activities			9,295,354		9,488,260	47,042	9,535,301
	133,203,671	3,344,137	35,600,957	0	172,148,765	34,860,095	207,008,860
Operating Expenses							
Staff S&W	(31,115,306)	(5,979,289)	(7,846,056)	(1,833,878)	(46,774,529)	(9,559,668)	(56,334,197)
Faculty S&W	(42,299,822)	(917,342)	(37,990)	(107,520)	(43,362,675)	(3,440,940)	(46,803,615)
Grad Student S&W	(4,024,179)	(756,184)	(447,002)		(5,227,365)	(4,074,662)	(9,302,026)
Undergrad Student S&W	(1,406,707)	(635,287)	(1,435,370)		(3,477,365)	(874,602)	(4,351,967)
Fringe Benefits	(27,973,410)	(2,061,138)	(2,615,782)	(942,977)	(33,593,307)	(3,902,711)	(37,496,018)
Supplies & Services	(15,880,407)	(8,615,016)	(12,765,983)	(841,346)	(38,102,752)	(12,497,895)	(50,600,647)
Scholarships	(35,223,883)	(470,922)	(331,008)		(36,025,813)	(13,154,766)	(49,180,579)
Utilities	(4,422,597)	(252,038)	(3,044,681)		(7,719,316)	(48,373)	(7,767,689)
Contingency/Carryforward Reserve	(4,000,000)				(4,000,000)		(4,000,000)
	(166,346,311)	(19,687,217)	(28,523,872)	(3,725,722)	(218,283,121)	(47,553,616)	(265,836,737)
Transfers							
Total Transfers	(13,816,020)	8,548,835	(7,219,464)	3,752,724	(8,733,925)	2,157,682	(6,576,243)
	(13,816,020)	8,548,835	(7,219,464)	3,752,724	(8,733,925)	2,157,682	(6,576,243)
Nonoperating Revenues (Expenses)							
State Appropriations	46,308,660				46,308,660		46,308,660
Gift Income	650,000	7,803,890	686,977		9,140,867	4,904,139	14,045,006
Investment Income						9,599	9,599
Federal Grants						5,713,099	5,713,099
Investment Fees							
Realized Gains on Investments							
Unrealized Gains on Investments							
Interest Expense							
	46,958,660	7,803,890	686,977	0	55,449,527	10,626,837	66,076,364
Net increase (decrease) in fund balance	0	9,646	544,597	27,002	581,246	90,998	672,243

Michigan Technological University
 FY15 General Fund and Current Fund Income Statements
 December 31, 2014

	2nd Qtr Projection vs Budget		2nd Qtr Projection		Variance		Original Projection		2nd Qtr Projection		Variance		Historic Precision
	Adjusted Budget	General Fund	General Fund	General Fund	General Fund	%	Total Current Fund	Total Current Fund	Total Current Fund	Total Current Fund	Total Current Fund	%	
OPERATING REVENUES													
Student Tuition and Fees	\$ 120,510,671	\$ 119,513,904	\$ (996,767)	-0.8%	\$ 121,564,520	\$ 120,683,301	881,219	-0.7%	\$ 120,683,301	\$ (881,219)	1.6%		
Federal Grants and Contracts	150,000	138,105	(11,895)	-7.9%	31,014,595	24,231,154	(6,783,441)	-21.9%	24,231,154	(6,783,441)	5.4%		
State/Local Grants and Contracts	-	-	-	-	3,029,635	3,661,443	631,808	20.9%	3,661,443	631,808	6.0%		
Nongovernmental Grants and Contracts	-	-	-	-	12,896,656	15,666,592	2,769,936	21.5%	15,666,592	2,769,936	6.3%		
Indirect Cost Recoveries	12,426,000	11,302,148	(1,123,852)	-9.0%	-	-	-	-	-	-	-		
Educational Activities	117,000	283,012	166,012	141.9%	4,575,362	5,049,804	474,442	10.4%	5,049,804	474,442	4.5%		
Student Resident Fees	-	-	-	-	24,392,791	25,065,504	672,713	2.8%	25,065,504	672,713	1.9%		
Sales and Services of Dept Activities	-	8,422	8,422	-	9,535,301	9,847,198	311,897	3.3%	9,847,198	311,897	1.6%		
	\$ 133,203,671	\$ 131,245,591	\$ (1,958,080)	-1.5%	\$ 207,008,860	\$ 204,204,996	\$ (2,803,864)	-1.4%	\$ 204,204,996	\$ (2,803,864)	-		
OPERATING EXPENSES													
Salaries & Wages - Faculty & Staff	\$ (73,415,128)	\$ (72,953,968)	\$ 461,160	-0.6%	\$ (103,137,812)	\$ (102,819,652)	\$ 318,160	-0.3%	\$ (102,819,652)	\$ 318,160	2.2%		
Salaries & Wages - Graduate Students	(4,024,179)	(4,847,113)	(822,934)	20.4%	(9,302,026)	(10,143,081)	(841,055)	9.0%	(10,143,081)	(841,055)	1.9%		
Salaries & Wages - Undergrad Students	(1,406,707)	(1,661,844)	(255,137)	18.1%	(4,351,967)	(4,731,940)	(379,973)	8.7%	(4,731,940)	(379,973)	2.9%		
Fringe Benefits	(27,973,410)	(27,261,598)	711,812	-2.5%	(37,496,018)	(37,552,663)	(56,645)	0.2%	(37,552,663)	(56,645)	4.8%		
Supplies and Services	(15,880,407)	(15,485,365)	395,042	-2.5%	(50,600,647)	(50,284,016)	316,631	-0.6%	(50,284,016)	316,631	1.5%		
Scholarships and Fellowships	(35,223,883)	(34,622,571)	601,312	-1.7%	(49,180,579)	(48,624,021)	556,558	-1.1%	(48,624,021)	556,558	1.8%		
Utilities	(4,422,597)	(4,106,623)	315,974	-7.1%	(7,767,689)	(7,693,776)	73,913	-1.0%	(7,693,776)	73,913	6.6%		
Contingency Reserve & Strategic Realign	(4,000,000)	-	4,000,000	-	(4,000,000)	-	4,000,000	-	-	4,000,000	-		
	\$ (166,346,311)	\$ (160,939,082)	\$ 5,407,229	-3.3%	\$ (265,836,738)	\$ (261,849,149)	\$ 3,987,589	-1.5%	\$ (261,849,149)	\$ 3,987,589	-		
	(13,816,020)	(15,568,858)	(1,752,838)	12.7%	(6,576,243)	(6,818,218)	(241,975)	3.7%	(6,818,218)	(241,975)	-		
TOTAL TRANSFERS													
NONOPERATING REVENUES (EXPENSES)													
Federal Grants	-	-	-	-	\$ 5,713,099	\$ 5,513,100	\$ (199,999)	-3.5%	\$ 5,513,100	\$ (199,999)	12.6%		
State appropriations, Operating	46,308,660	46,523,100	214,440	0.5%	46,308,660	46,523,100	214,440	0.5%	46,523,100	214,440	12.6%		
Gift Income	650,000	483,855	(166,145)	-25.6%	14,045,006	14,270,680	225,674	1.6%	14,270,680	225,674	12.6%		
Investment Income - Unrealized & Realized Gains	-	-	-	-	66,066,765	693,219	65,373,546	-99.4%	693,219	65,373,546	12.6%		
	\$ 46,958,660	\$ 47,006,955	\$ 48,295	0.1%	\$ 66,066,765	\$ 67,000,099	\$ 933,334	1.4%	\$ 67,000,099	\$ 933,334	-		
	-	\$ 1,744,606	\$ 1,744,606	-	\$ 662,644	\$ 2,537,728	\$ 1,875,084	283.0%	\$ 2,537,728	\$ 1,875,084	-		
Net Increase (decrease) in Net Assets													

Michigan Technological University
 FY15 Current Funds Income Statement Projection
 December 31, 2014

2nd Qtr Projection

	General Fund	Designated Fund	Auxiliary Fund	R&I Fund	Total Current Unrestricted	Total Expendable Restricted	Total Current Fund
OPERATING REVENUES							
Tuition and Fees	\$ 119,513,904	\$ -	\$ 1,169,397	\$ -	\$ 120,683,301	\$ -	\$ 120,683,301
Federal Grants and Contracts	138,105	-	-	-	138,105	24,093,049	24,231,154
State & Local Government Grants & Contracts	-	-	-	-	-	3,661,443	3,661,443
Nongovernmental Grants & Contracts	-	-	-	-	-	15,666,592	15,666,592
Indirect Cost Recoveries	11,302,148	-	-	-	11,302,148	(11,302,148)	-
Educational Activities	283,012	3,468,633	925,390	51,086	4,728,121	321,683	5,049,804
Student Resident Fees	-	-	25,065,504	-	25,065,504	-	25,065,504
Sales and Services of Dept Activities	8,422	145,393	9,642,920	(296)	9,796,439	50,759	9,847,198
	\$ 131,245,591	\$ 3,614,026	\$ 36,803,211	\$ 50,790	\$ 171,713,618	\$ 32,491,378	\$ 204,204,996
OPERATING EXPENSES							
Salaries & Wages - Faculty & Staff	\$ (72,953,968)	\$ (6,430,080)	\$ (8,731,660)	\$ (2,276,910)	\$ (90,392,618)	\$ (12,427,034)	\$ (102,819,652)
Grad Student S&W	(4,847,113)	(674,059)	(766,751)	-	(6,287,923)	(3,855,158)	(10,143,081)
Undergrad Student S&W	(1,661,844)	(646,830)	(1,438,296)	-	(3,746,970)	(984,970)	(4,731,940)
Fringe Benefits	(27,261,598)	(1,769,643)	(2,954,454)	(1,553,004)	(33,538,699)	(4,013,964)	(37,552,663)
Supplies & Services	(15,485,365)	(10,603,568)	(11,789,972)	(796,157)	(38,675,062)	(11,608,954)	(50,284,016)
Scholarships	(34,622,571)	(728,736)	(392,307)	-	(35,743,614)	(12,880,407)	(48,624,021)
Utilities	(4,106,623)	(272,683)	(3,280,628)	-	(7,659,934)	(33,842)	(7,693,776)
	\$ (160,939,082)	\$ (21,125,599)	\$ (29,354,068)	\$ (4,626,071)	\$ (216,044,820)	\$ (45,804,329)	\$ (261,849,149)
TRANSFERS							
Total Transfers	\$ (15,568,858)	\$ 9,643,231	\$ (7,057,103)	\$ 3,514,030	\$ (9,468,700)	\$ 2,650,482	\$ (6,818,218)
	\$ (15,568,858)	\$ 9,643,231	\$ (7,057,103)	\$ 3,514,030	\$ (9,468,700)	\$ 2,650,482	\$ (6,818,218)
NONOPERATING REVENUES (EXPENSES)							
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,513,100	\$ 5,513,100
State Appropriations, Operating	46,523,100	-	-	-	46,523,100	-	46,523,100
Gift Income	483,855	7,935,339	413,434	-	8,832,628	5,438,052	14,270,680
Investment Income - Unrealized & Realized Gains	-	-	-	693,219	693,219	-	693,219
	\$ 47,006,955	\$ 7,935,339	\$ 413,434	\$ 693,219	\$ 56,048,947	\$ 10,951,152	\$ 67,000,099
Net increase (decrease) in fund balance	\$ 1,744,606	\$ 66,997	\$ 805,474	\$ (368,032)	\$ 2,249,045	\$ 286,683	\$ 2,537,728

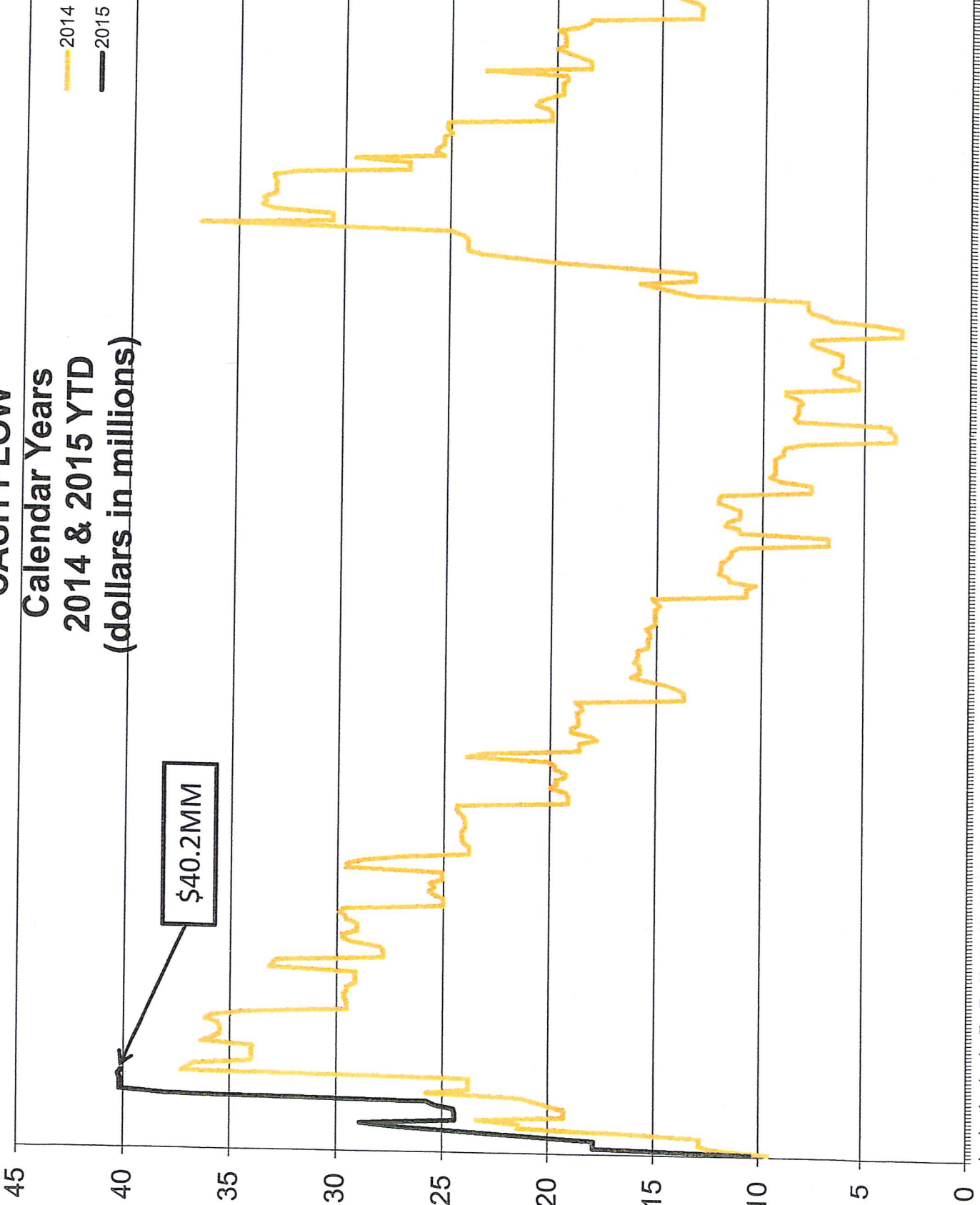
**CURRENT FUND BALANCES
FY11 Thru FY15 - Excluding GASB 68**

	<u>Balance</u> <u>06/30/11</u>	<u>Balance</u> <u>06/30/12</u>	<u>Balance</u> <u>06/30/13</u>	<u>Balance</u> <u>06/30/14</u>	<u>Projected</u> <u>Balance</u> <u>06/30/15</u>
GENERAL FUND	\$ (10,999)	\$ (12,602)	\$ (12,432)	\$ (11,554)	\$ (9,963)
DESIGNATED FUND	17,482	15,816	16,032	17,208	16,499
AUXILIARY ACTIVITIES	6,851	9,235	9,599	10,404	10,039
RETIREMENT & INSURANCE	(62)	(3,552)	(2,591)	(2,959)	(2,341)
EXPENDABLE RESTRICTED	2,808	3,590	2,587	2,876	2,697
TOTAL CURRENT FUND BALANCE	\$ 16,080	\$ 12,487	\$ 13,195	\$ 15,975	\$ 16,931
LEGALLY RESTRICTED FUNDS	\$ (2,808)	\$ (3,590)	\$ (2,587)	\$ (2,876)	\$ (2,697)
UNRESTRICTED CURRENT FUND BALANCE	\$ 13,272	\$ 8,897	\$ 10,608	\$ 13,099	\$ 14,234

**CURRENT FUND BALANCES
FY11 Thru FY15 - Including GASB 68**

	<u>Balance</u> <u>06/30/11</u>	<u>Balance</u> <u>06/30/12</u>	<u>Balance</u> <u>06/30/13</u>	<u>Balance</u> <u>06/30/14</u>	<u>Projected</u> <u>Balance</u> <u>06/30/15</u>
GENERAL FUND	\$ (10,999)	\$ (12,602)	\$ (12,432)	\$ (11,554)	\$ (9,963)
DESIGNATED FUND	17,482	15,816	16,032	17,208	16,499
AUXILIARY ACTIVITIES	6,851	9,235	9,599	10,404	10,039
RETIREMENT & INSURANCE	(62)	(3,552)	(2,591)	(2,959)	(50,111)
EXPENDABLE RESTRICTED	2,808	3,590	2,587	2,876	2,697
TOTAL CURRENT FUND BALANCE	\$ 16,080	\$ 12,487	\$ 13,195	\$ 15,975	\$ (30,839)
LEGALLY RESTRICTED FUNDS	\$ (2,808)	\$ (3,590)	\$ (2,587)	\$ (2,876)	\$ (2,697)
UNRESTRICTED CURRENT FUND BALANCE	\$ 13,272	\$ 8,897	\$ 10,608	\$ 13,099	\$ (33,536)

CASH FLOW
Calendar Years
2014 & 2015 YTD
(dollars in millions)



General Fund
FY16 Preliminary Budget Planning Parameters

REVENUES

Enrollments -	Undergraduate Students - Flat Graduate Students - Flat
Tuition & Mandatory Fee Increases -	Resident/Non-Resident Undergraduate Tuition - Increase 2% to 4% Graduate Student Tuition - Increase 3% to 5%
Indirect Cost Recovery -	Range from -5% to 0%
State Appropriations -	Range from 0% to 3%

EXPENDITURES

Faculty & Staff Salaries -	FY16 - 1% to 3% Salary Pool for Non-Union Employees Faculty Promotional Increases of \$250K
Graduate Student Salaries -	Stipend - Increase 4%
Supplies & Services -	Maintenance Budget Increase of \$500K to \$1M
Fringe Benefits -	Fringe Costs Associated Other Salaries Changes FY16 Fringe Benefit Rate Increase of 1%
Strategic Investment -	Academic/Administrative Strategic Initiatives Range of \$0 to \$1.5M
Scholarships -	Financial Aid Increase Range of \$800K to \$1M
Utilities -	Increase 5% to 10 %
Contingency/Carryforward Reserve -	Remain 2.5%

TRANSFERS

MPSERS	Reduction \$575K (Due to Fringe Benefit Rate Changes)
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Note: \$3.5M Renovations in FY16 for Daniel Heights.

Differential Tuition

January 23, 2015

Differential tuition structure progress

- Currently Michigan Tech assesses differential tuition to upper division (juniors and seniors) students using an added fee applied to the plateau tuition rate. The following adjustments are under review:
 - Eliminate the addition fee and instead incorporate the differential into the plateau and less than 12 and more than 18 credit rate.
 - Continue to fine tune the amount of the differential between the lower and upper division rates
 - Align summer per credit rates with academic year per credit rates (<12 and >18 credits tuition rates)
 - Continue to assess the international student surcharge
- At this point, we're not anticipating major changes to the graduate school tuition as an ideal structure still needs to be considered

Rationale

- This continues a multi-year tuition restructure strategy which includes the implementation of plateau and differential tuition
- Fine tuning the differential rates between lower and upper rates better reflects the cost of education between lower and upper division students, aligning tuition structure with costs
- The proposal also uses the academic year per-credit rate for summer, which bring uniformity to the summer rate structure and eliminates multiple rates

Analysis

- Compared to last year's tuition rates, incorporating the differential tuition fee into a tuition rate has no impact on state reported and media reported tuition rates
- Athletics summer scholarships will be affected with this change. Analysis is on-going to determine the extent of impact to summer student-athletes

Policy adjustments anticipated

- Consideration may need to be given to the summer tuition revenue sharing model under the proposal structure

Michigan Technological University
Fiscal Year 2016 Proposed Fringe Benefit Rates
Expense Estimates as of December 2014

	<u>Fringe Benefit Expenses</u>	Regular			Graduate Students
		Total	Non-Student Employees	Temporary Employees	
FICA	\$	7,739,670	\$ 6,872,689	\$ 453,828	\$ 413,153
TIAA-CREF/Fidelity (retirement investments)		6,167,379	5,846,578		320,801
MPSERS Cost		5,692,580	5,534,340		158,240
Health Care Costs		15,147,000	14,997,000	\$ 150,000	
Life, Disability, Unemp, W/C, Other		1,761,238	1,530,015	139,411	91,812
VHS and Short Term Disability		2,160,545	2,048,211		112,334
Graduate Student Insurance Supplement		894,894	-		\$ 894,894
Voluntary Reduction		(2,146,000)	(2,130,000)		(16,000)
Total Fringe Benefits Expenses	A \$	37,417,306	\$ 34,698,833	\$ 743,239	\$ 1,080,340
Salary and Wage Base for FY16	B \$	111,339,125	\$ 92,546,648	\$ 5,932,392	\$ 7,459,396
Rate for each category	A/B		37.5%	12.5%	20.0%

12/17/2014

Six Month Projections (as of 11/30/14)

	July - Dec 2013 Actual	Jan-June 2014 Actual	July - Dec 2014 Projection	Jan - June 2015 Projection	July - Dec 2015 Projection	Jan - June 2016 Projection
Enrollment (Actives and retirees)	1,283	1,298	1,298	1,298	1,298	1,298
Claims (Med/Rx)	\$6,119,924	\$6,391,000	\$6,669,000	\$7,002,000	\$7,306,000	\$7,422,000
Admin	\$538,181	\$543,000	\$543,000	\$523,000	\$523,000	\$533,500
Stop loss	\$518,610	\$0	\$0	\$0	\$0	\$0
Fed Reinsurance	\$0	\$72,500	\$72,500	\$50,500	\$50,500	\$34,000
Dental	\$604,910	\$616,000	\$616,000	\$610,000	\$610,000	\$623,000
Vision	\$158,870	\$179,500	\$179,500	\$179,500	\$179,500	\$179,500
Expense	\$7,940,495	\$7,802,000	\$8,080,000	\$8,365,000	\$8,669,000	\$8,792,000
Contributions	\$933,095	\$973,000	\$973,000	\$973,000	\$973,000	\$973,000
Net Cost	\$7,007,400	\$6,829,000	\$7,107,000	\$7,392,000	\$7,696,000	\$7,819,000

From a May, 2013 update to the Board by the Provost

	2007-08	2011-12	2012-13
FACULTY HEADCOUNT	310	354	348
Net increase	38	38/310 = 12%	
Total new faculty	156	156/348 = 45%	hired previous 6 years
SFHI faculty (Fall 2012)	32	(36 by fall 2013)	

GRADUATE STUDENTS

Masters	448	691	698	56%
PhD	422	529	554	31%
Total (incl. non-degree)	912	1,303	1,322	45%

From a December, 2012 update to the Board by the Provost

All Faculty – External Proposals	2007-08	2008-09	2009-10
Number Submitted	893	974	1025
Number Funded	517	516	576
Dollars Awarded (Millions)	37.9	50.5	55.7 47%

As of January, 2015

SFHI Faculty have been Principal Investigator on 397 submitted proposals and Co-Investigator on an additional 225 submitted proposals

SFHI Faculty have been Principal Investigator on 107 funded projects and Co-Investigator on an additional 72 funded projects

Overall proposal success rate is 27% [Some still pending at time of summary]

Seven individuals had a proposal success rate > 40% and 14 had success rates > 20%

Example Individual PI Proposal Activity

Submitted	Success Rate	Submitted	Success Rate
18	89%	29	52%
24	67%	12	42%
16	56%	28	29%

MICHIGAN TECH DASHBOARD

Strategic Diversity Metrics

Diversity

[Enrollment](#)[Graduation Rate](#)[Tenured/Tenure Track Faculty](#)[Staff](#)

Online Learning

[Michigan Tech Online Learning](#)

Tech Online Learning (Some numbers are estimates)	Student Enrollments (Grad/Undergrad) 2009-2010	Student Enrollments (Grad/Undergrad) 2010-2011	Student Enrollments (Grad/Undergrad) 2011-2012	Student Enrollments (Grad/Undergrad) 2012-2013	Student Enrollments (Grad/Undergrad) 2013-2014	Student Enrollments (Grad/Undergrad) 2017-2018
On Campus Online	54/351	32/381	42/445	49/774	60/827	322/966
Off Campus Online	270/102	130/127	155/187	178/126	152/153	200/200
Corporate Off Campus	0/8	32/1	61/0	30/0	5/0	50/0
Dual Enrollment	0/0	0/0	0/1	0/1	0/5	0/5

Admissions

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**University Senate Constituents' Questions
for Vice President Dave Reed's University Budget/Finances Forum
Wednesday, January 28, 2-5 p.m. in Noblet Forestry Building G002
Co-Sponsored by the University Senate, Staff Council, USG, and GSG**

1. One question raised by my constituents has to do with the decline in the budget to support research on campus. One of the key issues that we are currently dealing with is the library budget, which has not increased substantially to address the continued inflation of journal subscription fees. However, this is not the only place that we have seen declines. There has also been a decline in internal research awards (REF), both in budget and awards given out. Graduate School Dean Jackie Huntoon used to provide cost share for grants submitted by assistant professors to provide partial support for graduate student tuition and fees; however, she is no longer able to do this due to budget limitations. We need a larger budget to maintain shared equipment while keep user fees low.

While it is important for individual faculty to obtain external research funding, additional research support from the university would facilitate our efforts.

How will the administration address this issue going forward to make sure that adequate resources are allocated to support research efforts given that this is one of the goals in the strategic plan?

1. I understand that the university wisely allocates a certain sum of money to pay for medical care. This amounts to perhaps \$14,000 per person covered. Is it correct that the university has recently saved some \$2 million in health care costs?

2. If not \$2 mill, exactly how much was saved or for that matter lost?

3. What happens to this saved money? Is it put aside in a lock box for future unknown medical expenses?

4. Regarding the strategic hiring initiative where the university provided researchers with startups that are more than triple what "normal" assistant profs are provided; how successful was the idea that these people would be capable of generating sufficient research funds so that the overhead from this can be used to hire more such folk? Can you provide some sort of accounting for the strategic hires?

5. What impact is this online education having for our students at Tech. Has anyone conducted an assessment regarding the pros and cons of this? What are the financial implications of this? Is it fair to conclude that online education is the future for Tech? Has the executive assessed the ramifications of allowing departments to engage in this sort of teaching? Is the online mode of teaching equivalent to the classroom model? Is this really value for the high cost that these students/parents pay or is the administration simply looking to earn money? Do you envisage any restrictions on the offerings of online courses at Tech, i.e., should they be provided year round or

only during summer?

6. In terms of value can you provide an outline of the nature of the university's new assessment program headed by the assistant provost? What is the status of this program? Certain departments were told that external reviewers were coming in the Spring 2015 semester in order to conduct "meaningful" independent evaluations. What happened to this idea? Why is it so difficult to get a constructive assessment of the merits of our undergraduate programs? Given the overwhelming emphasis on research and funding, are we afraid of the answer? Given the lack of emphasis on assessment, does the administration believe that this is a waste of time?

Looking the June 30 2014 Annual Report, I note that the Current Portion of Long Term Debt is \$2,844,399 and that the Long Term Debt (\$79,910,265 with the \$2,844,399 added back in) is \$82,754,664. My concern is that the Current Portion of Long Term Debt is too small for a 20- or 30-year amortization at any interest rate greater than two-tenths of one percent, and that there may be a "balloon" worked into the financing.

Are Michigan Tech's required payments on long-term debt fairly uniform, or will all of a sudden there be much larger debt repayment required?

A second question related to the financing to the Wadsworth Hall Renovation. As I understand it, the debt repayment is supposed to come out of dorm fees. How will the completion of the Julien Apartments next to St. Al's affect residence hall revenues? Does the University still have the "power" to require freshmen to live in the dorms?
