FY2011-12 General Fund: Tuition and Fees and Budget

Board of Trustees Focus Discussion
July 14, 2011
Key Factors

- FY12 state funding less than 1991-92 (without accounting for inflation) while serving 1,596 more students
  - 1992 state funding $41.2 million; enrollment 6,992 FYES ($5,888/FYES)
  - 2012 state funding $38.4 million; enrollment 8,588 FYES ($4,468/FYES)
  - Reduction of 24% per student since 1992 (without accounting for inflation)
- FY12 state funding will be $6,773,000 (or 15%) less than FY11
- Additional state mandated pension costs of $500,000
- Limited cost increases to inflationary costs for health care, changes in contracted maintenance agreements, and contractual promotional adjustments
- Potential enrollment decline of 1%
Strategies to Balance Budget

- Budget reductions of $4,900,000
  - No base salary increases (for second consecutive year for most groups)
  - Established personnel ($2.8 million) – 20 faculty/16 staff
  - Restructure laptop program ($500,000)
  - Reserves ($500,000)
  - Support: travel, supplies, printing, cell phone stipends, and other departmental administrative costs ($436,000)
  - Utilities ($302,000)
  - Redistribution of scholarship support ($200,000 – from auxiliary activities/residence life)
  - Capital equipment funds ($88,000)
  - Student labor ($55,000)
  - Facilities maintenance funds ($50,000)

- Budget reductions of $4.9 million offset estimated $1.4 million in cost increases and $750,000 in estimated enrollment decline

- Tuition and fee recommended increase of $275/semester
Strategies to Balance Budget

- **Academic fees**
  - Clinical Laboratory Sciences ($25 per semester)
    - Fund cost increases in expandable materials, disposable supplies, and ongoing new technology and equipment
  - Art and Design Fee ($50 per semester increase)
    - Fund the replacement and enhancement of new emerging technologies needed throughout the Art and Design computer art labs and programs – ensures first rate facilities, professional grade notebook computers, and top rate technology available to students in the program

- **Continuing cost savings measures**
# Tuition and Fee Comparison

Average Resident Undergraduate Tuition and Fee Rates:

<table>
<thead>
<tr>
<th>University</th>
<th>FY10-11 Tuition (a)</th>
<th>Over (under) NMU</th>
<th>FY11-12 Increases (b)</th>
<th>FY11-12 Tuition</th>
<th>Over (under) NMU</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Pct</td>
<td>Amount</td>
<td>Pct</td>
<td>Amount</td>
</tr>
<tr>
<td>U-M-aa</td>
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<td>$4,726</td>
<td>$847</td>
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<td>M-Tu</td>
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<td>M-Su</td>
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<td>F-Su</td>
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<tr>
<td>W-Su</td>
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<td>$2,033</td>
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<td>O-U</td>
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<td>$1,853</td>
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<tr>
<td>W-Mu</td>
<td>$9,510</td>
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<td>G-Vsu</td>
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<td>U-M-D</td>
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<td>L-Ssu</td>
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<td>$600</td>
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<td>U-M-F</td>
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<td>E-Mu</td>
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<td>N-Mu</td>
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<td>AVG</td>
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<td>$1,819</td>
<td>$641</td>
<td>6.94%</td>
<td>$10,303</td>
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* Used 6.99% rate increase in FY11-12 for comparison purposes

(a) Source: Presidents Council, State Universities of Michigan, Report on Tuition and Fees, 2010-2011; MSU and WSU FY10-11 rates were adjusted to account for rate changes subsequent to the publishing of the report (for spring or summer rate changes).

(b) Source: Press releases and university websites.
NMU ranks highest in overall staff efficiency in the state
Continuing to control costs and working with bargaining units to restructure health plan and employee cost share
Total general fund expenditure budget will decrease in FY12
NMU’s tuition and fees have been aggressively managed over the past 10 years
Current and proposed rates ($275/semester increase) result in NMU remaining 2nd lowest rate among 15 state universities
Only two of the 15 schools that have announced to date have a lower dollar increase
NMU’s tuition rate is currently 10% ($900) and 35% ($4,153) below the other two UP universities serving our region – NMU will fall further behind in FY12
Funded more than 50% of the $6.77 million reduction in state funding ($394/student/semester) assistance through cost cutting and efficiency improvements – the balance is being funded through tuition adjustments