Addendum #4

NORTHERN MICHIGAN UNIVERSITY

MARQUETTE, MICHIGAN

Board of Trustees Meeting

May 2017

NORTHERN MICHIGAN UNIVERSITY

MARQUETTE, MICHIGAN

Michigan Association of State Universities (MASU) and NMU Historical Data

Higher Education: The Key to Prosperity in a Knowledge Economy

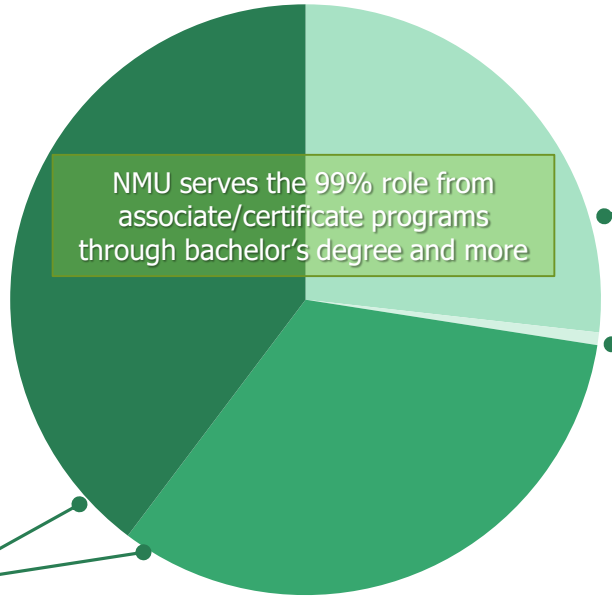
U.S. JOB GAINS SINCE 2010

The economy has **added 11.6 million jobs** since the Great Recession.

99% of those jobs have gone to workers with at least some college.

72% have gone to those with a 4-year degree or beyond.

Less than 1 percent went to those with a high school diploma or less.



Some college/associate degree
3.1 million

High school or less
80,000

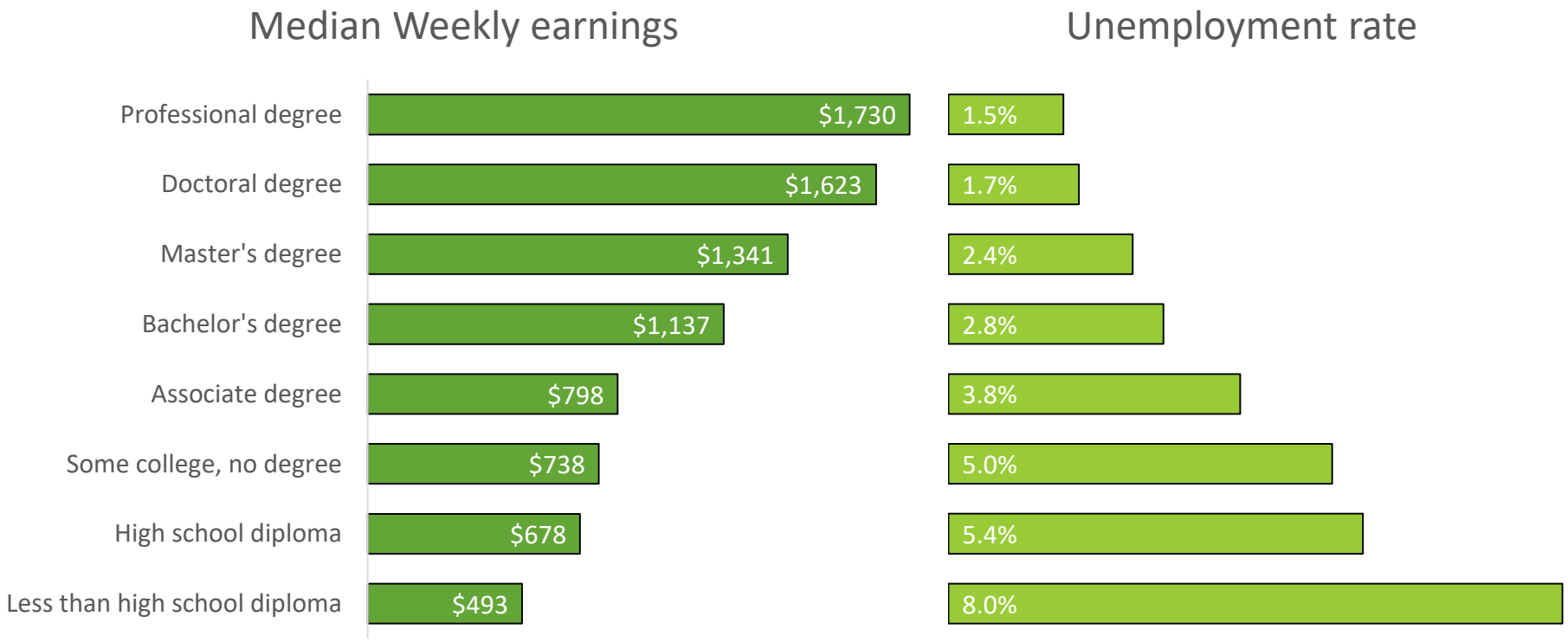
Bachelor's degree or more
8.4 million

- 4.6 million bachelor's degrees
- 3.6 million master's degrees

Source: "Top Issues in American Higher Education, Michigan in Context," Michigan Association of State Universities

Georgetown University study, America's Divided Recovery, 2016

Earnings & Employment Rate by Educational Attainment



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: U.S. Bureau of Labor Statistics, Current Population Survery

Source: "Top Issues in American Higher Education, Michigan in Context," Michigan Association of State Universities

State Investment in Higher Education --The Longer View--

- Almost $1 billion reduction in inflation-adjusted state higher education and student aid funding since 2002
- MI ranks 39th in per capita state fiscal support for higher education

State University Operating Support

Fiscal Year 2000	Fiscal Year 2016
$2.1 Billion	$1.36 Billion
$9,387 per full-time student	$5,217 per full-time student
…..a 44% decrease in state funding per student (inflation adjusted)	

Source: "Top Issues in American Higher Education, Michigan in Context," Michigan Association of State Universities

Cuts in State Support Have Hurt College Affordability

STATE SPENDING FROM STATE RESOURCES

DOLLARS IN MILLIONS

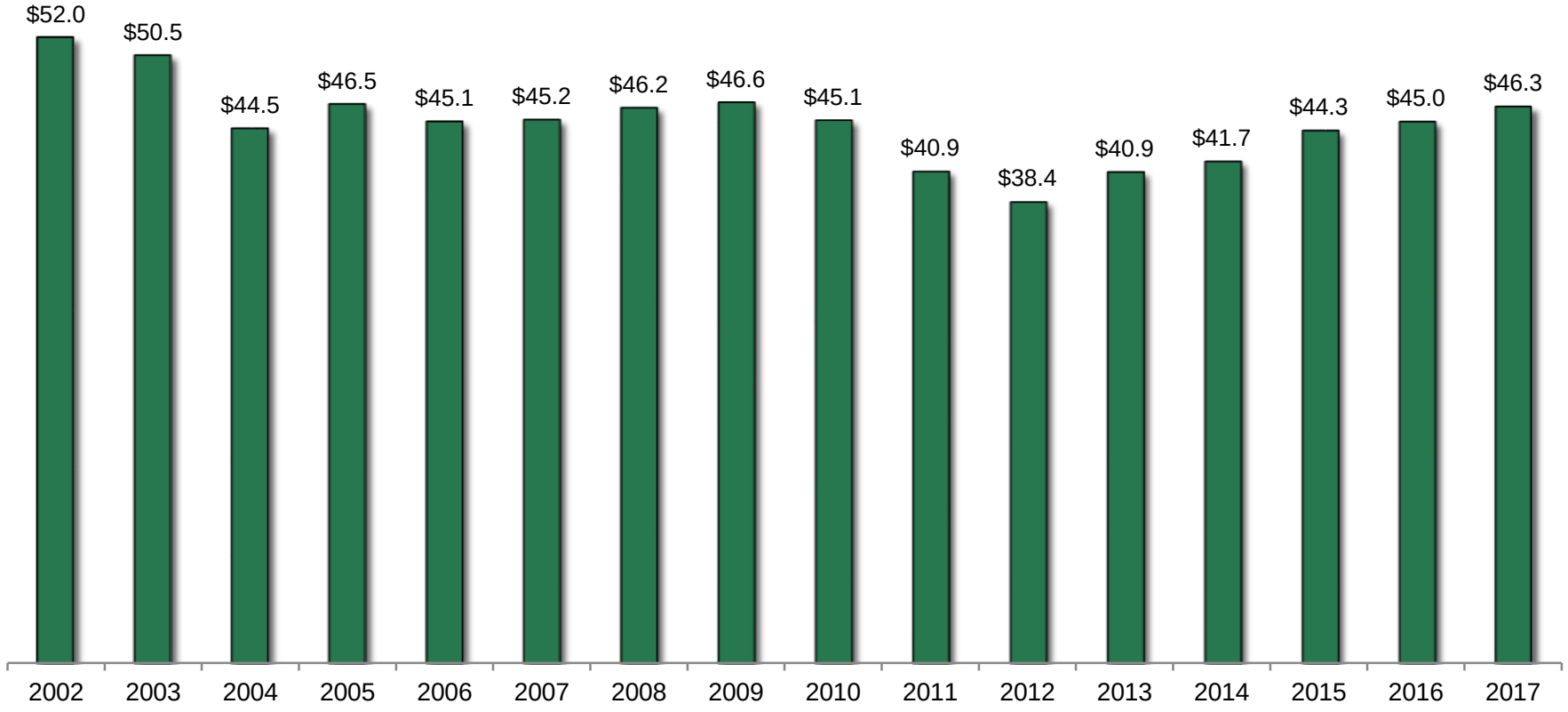
Budget	2001-02	2016-17	% change
Community Health and Human Services	$4,296	$6,669	49.6%
Corrections	$1,653	$1,988	20.1%
K-12 School Aid	$11,221	$12,343	8.9%
Community colleges	$320	$395	27.0%
Higher education	**$1,941**	**$1,481**	**-19.5%**
Revenue sharing	$1,517	$1,229	-15.3%
All other	$5,139	$6,891	38.7%
Total	**$26,087**	**$30,996**	**19.1%**
Federal Funding	$11,243	$22,661	85.4%
Michigan Personal Income	$301,496	$449,394	43.0%
Detroit CPI	178	224	21.7%

Senate Fiscal Agency, not adjusted for inflation

Source: "Top Issues in American Higher Education, Michigan in Context," Michigan Association of State Universities

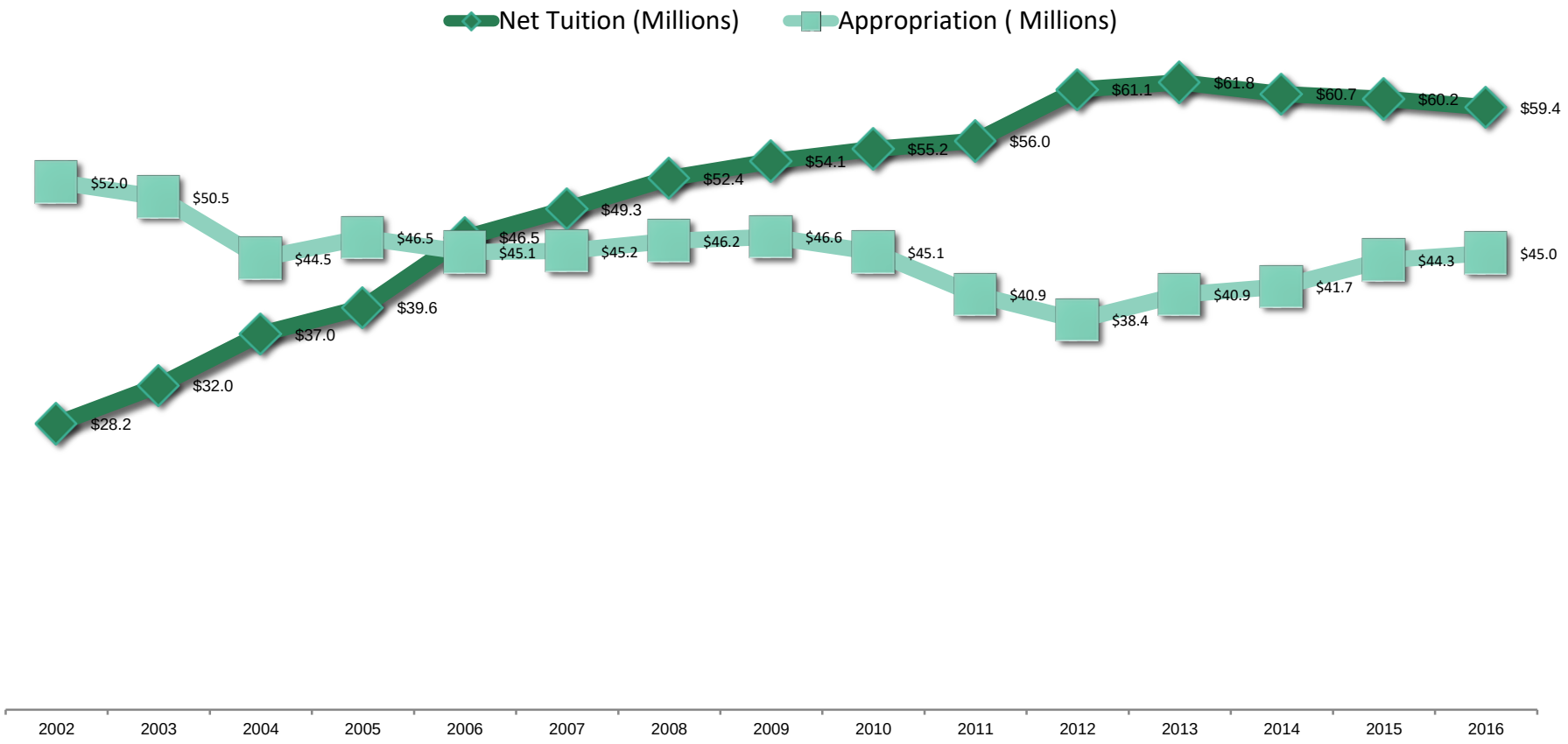
State Appropriation Higher Education Funding

Fiscal Years 2001-02 to 2016-17

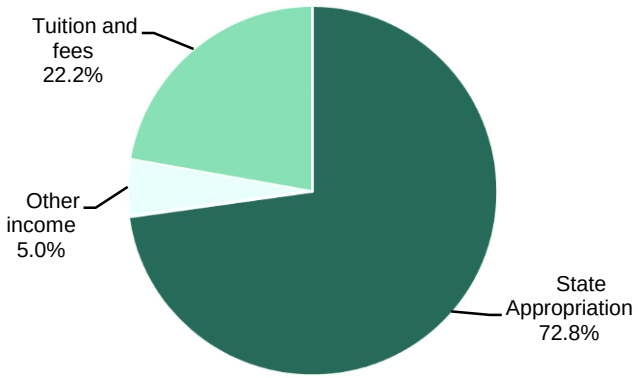


NMU Appropriation and Net Tuition Revenue

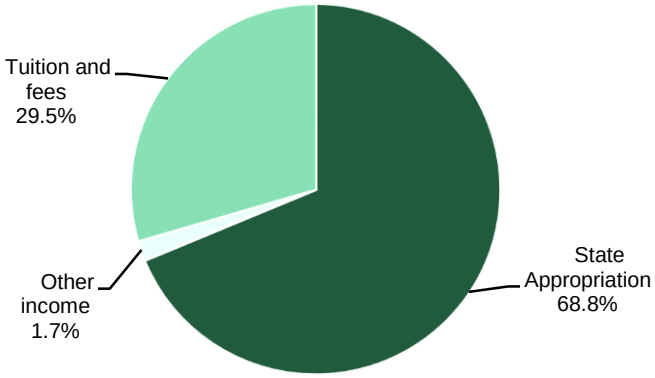
15 Year History



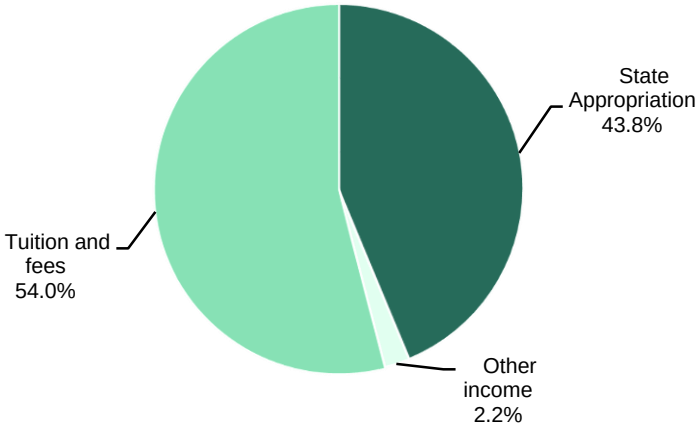
Total General Fund Revenue History



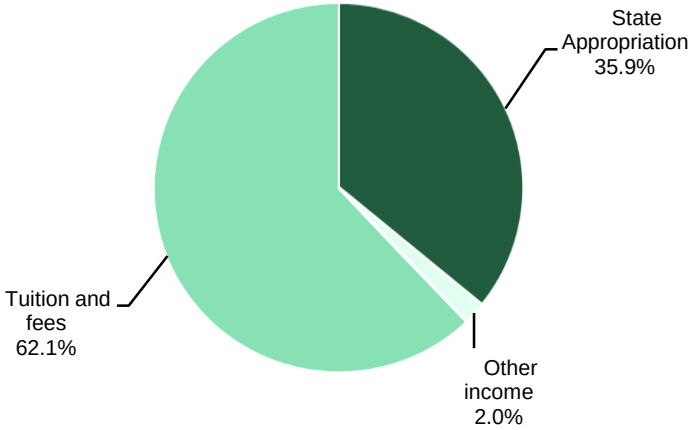
1986



1996



2006



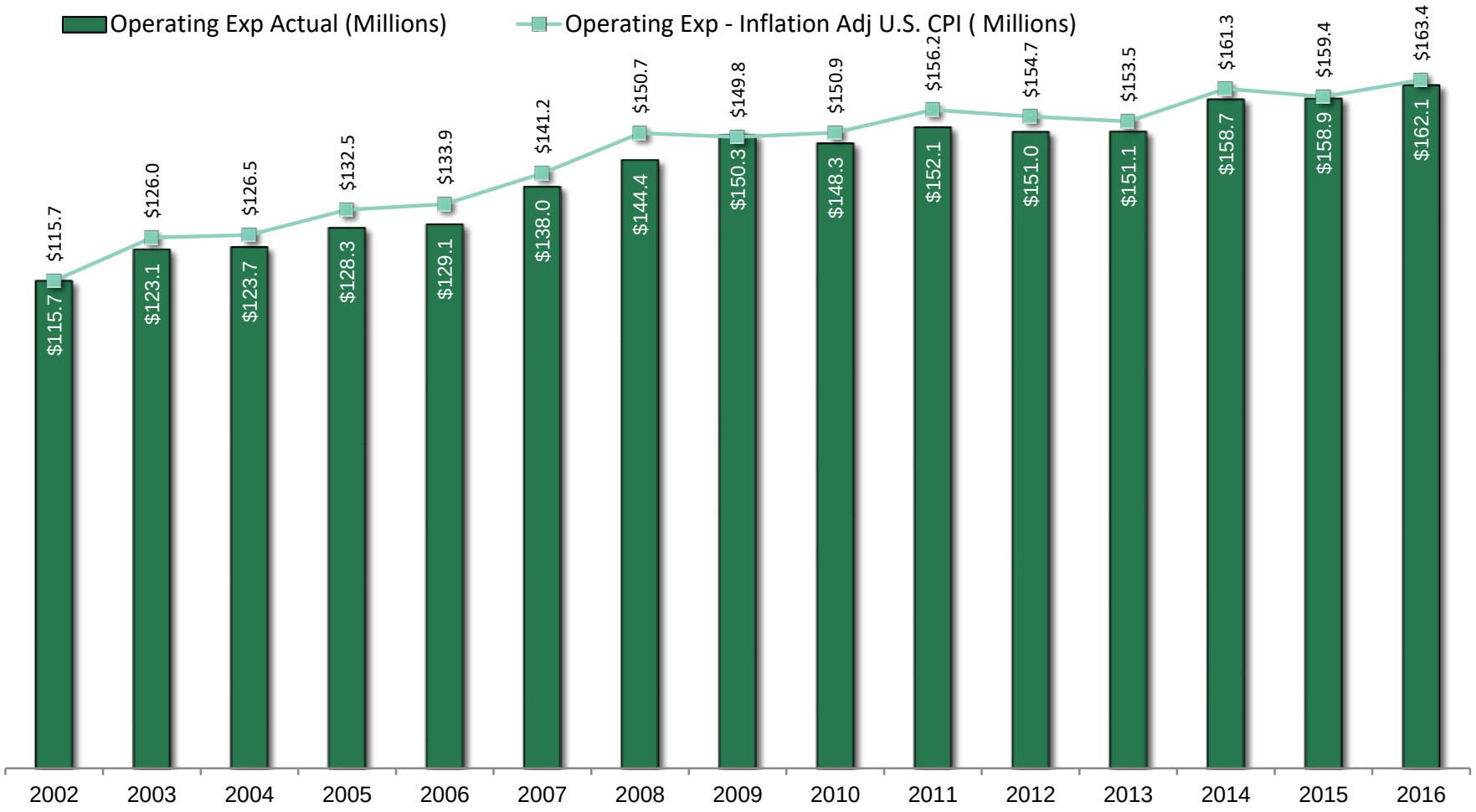
2016

To maintain financial reporting consistency with fiscal years '86, '96, and '06 data, financial aid was not deducted from '16 tuition and fee revenue.

(Source: Actual General Fund Revenues - State of Michigan Database)

NMU Expenditures vs. Inflation (U.S. CPI)

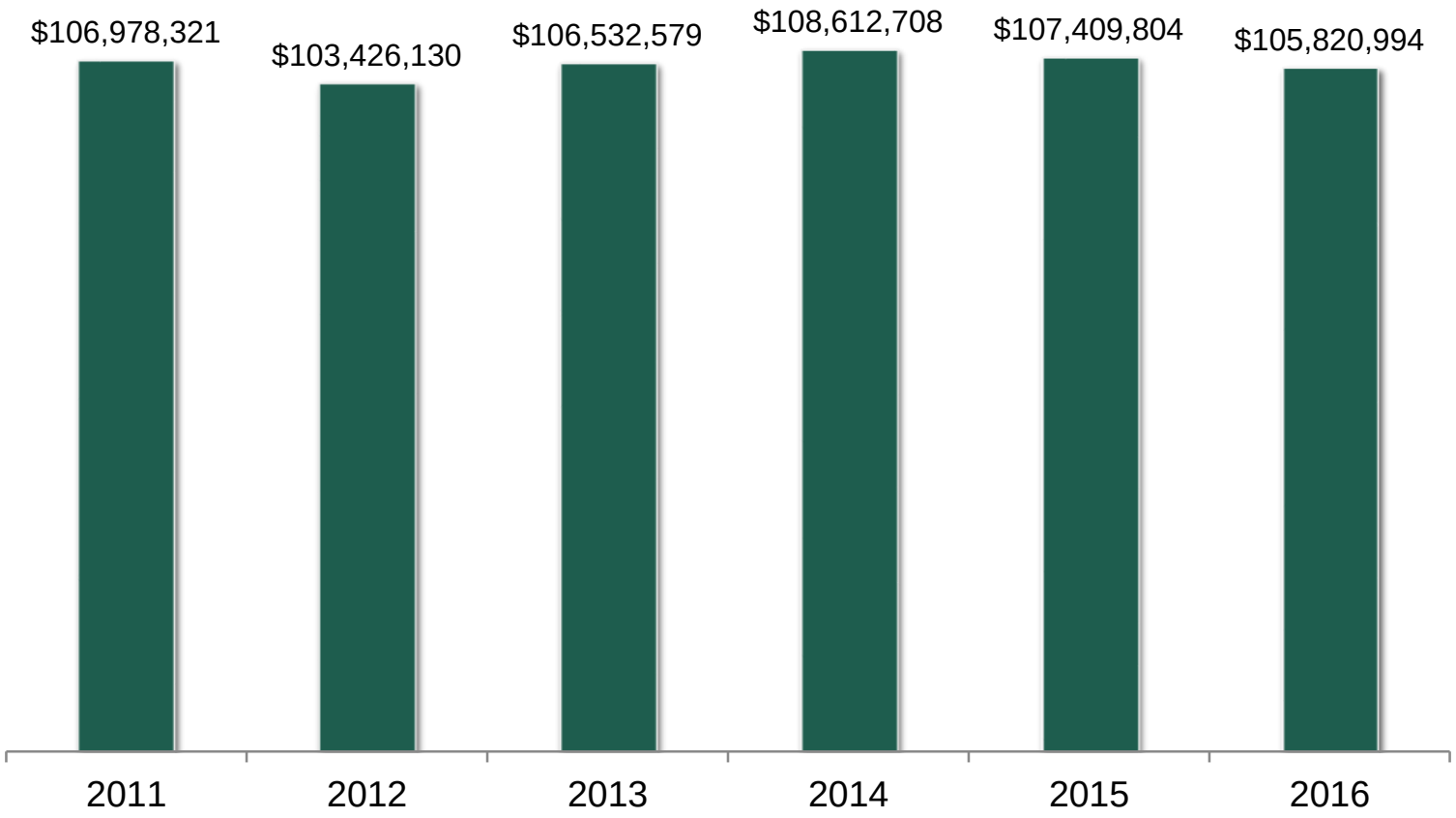
15 Year History



General Fund Expenditures

Fiscal Years 2011 to 2016

Total percentage expenditure change:
FY11 to FY16: -1.08% (average annual % change = -0.22%)



Note: Total expenditures exclude financial aid

NORTHERN MICHIGAN UNIVERSITY

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State Budget Update

Fiscal Year 2017-18

State Budget Factors

State higher education operations performance funding increase (Michigan 15 publics)

- Executive Budget: 2.5% ($35.0 million)
- Senate Budget: 2.0% ($28.0 million)
- House Budget: 1.9% ($26.6 million)
- Conference: unknown

Fiscal Year 2016-17 State Higher Education Operations Appropriation: $1.4 billion

Allocation of appropriation funding factors:

- One-half increase across-the-board (ATB) based on 2010-11 appropriation level
- One-half based on Performance funding factors

State Budget Factors

FY2018 State formula factors for appropriation increase

- One-half increase ATB based on 2010-11 appropriation level
- One-half based on Performance funding factors:
  - Number of critical skills degrees (22.2%)
  - Research and Development expenditures (11.1%)
  - Metrics based on **Carnegie Peers** (national metrics) (66.7%)

Carnegie Peer Factors increase

- 6-year graduation rate
- Total degree completions
- Institutional support as percentage of core expenditures
- Percentage of students receiving Pell grants

State Budget Factors

State Performance Funding Scores - Carnegie Factors (Score of 0 to 3 pts.)

Category	NMU vs. National Peers
6-year graduation rate: 2 pts.	Both above median and improving over 3 yrs.
Total degree completions: 3 pts.	Top 20%
Institutional support as a percentage of core expenditures: 2 pts.	Both above median and improving over 3 yrs.
Percentage of students receiving Pell grants: 0 pts.	1% below national average for peer group
NMU Total Points: 7 pts. out of 12 pts.	**Michigan university's: Scores range from 4 pts. To 9 pts. for FY2017-18**
Points are then weighted by total undergraduate FYES of each university	

Note: State performance metrics for FY2017-18 are based on FY2010-11 to FY2013-14 IPEDS data.

Top 20%: 3 pts; Above Median: 2 pts; Improve over 3 yrs: 2 pts; Below median: 0 pts

State Budget Factors

State Appropriation (2017-18):

- Executive: 2.5% (NMU: 2.3% or $1.1 million)
- Senate: 2.0% (NMU 1.9% or $0.86 million)
- House: 1.9% (NMU 1.8% or $0.82 million)
- Conference: unknown

Tuition Restraint (2017-18)

- Executive: 3.8% or $475 (4.7%)
- Senate: 3.8% or $475 (4.7%)
- House: 3.8% or $475 (4.7%)
- Conference: unknown

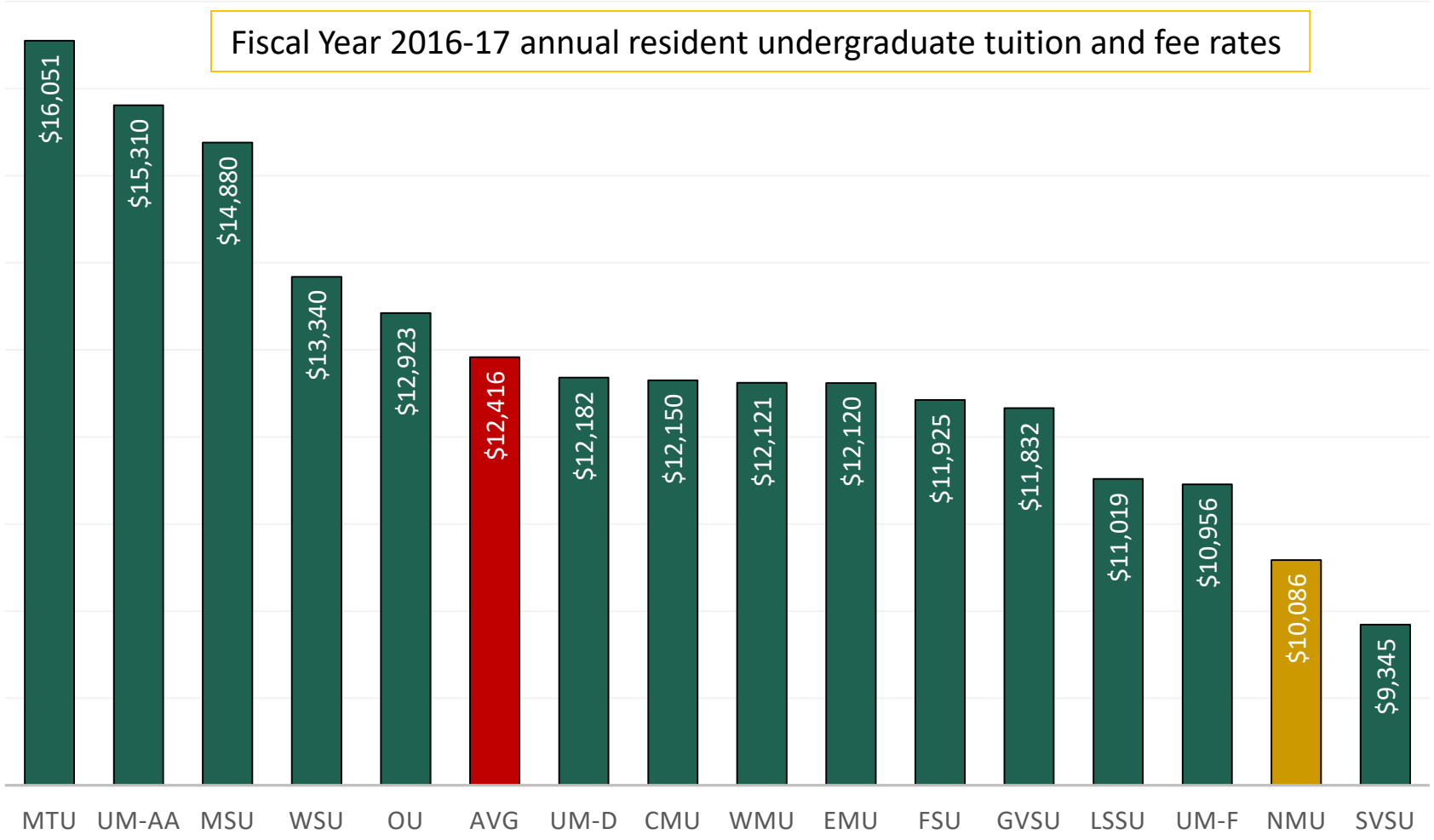
Penalties (if exceed tuition cap)

- Executive: Lose appropriation increase
- Senate: Lose appropriation increase + not eligible for capital outlay for 2 years + can penalize/adjust university appropriations at any time
- House: Lose appropriation increase + not eligible for capital outlay for 2 years + can penalize/adjust university appropriations at any time
- Conference: unknown

Prior Year Conference Bill (FY2016-17)

- State appropriation: 2.9% Conference (NMU: 2.6% or $1.1 million; Executive at 4.4% or $1.8 million)
- Tuition and Fee Restraint Language: 4.2% Conference (Executive at 4.8%)

Tuition and Fee Rates/Tuition Restraint



Source: State of Michigan database

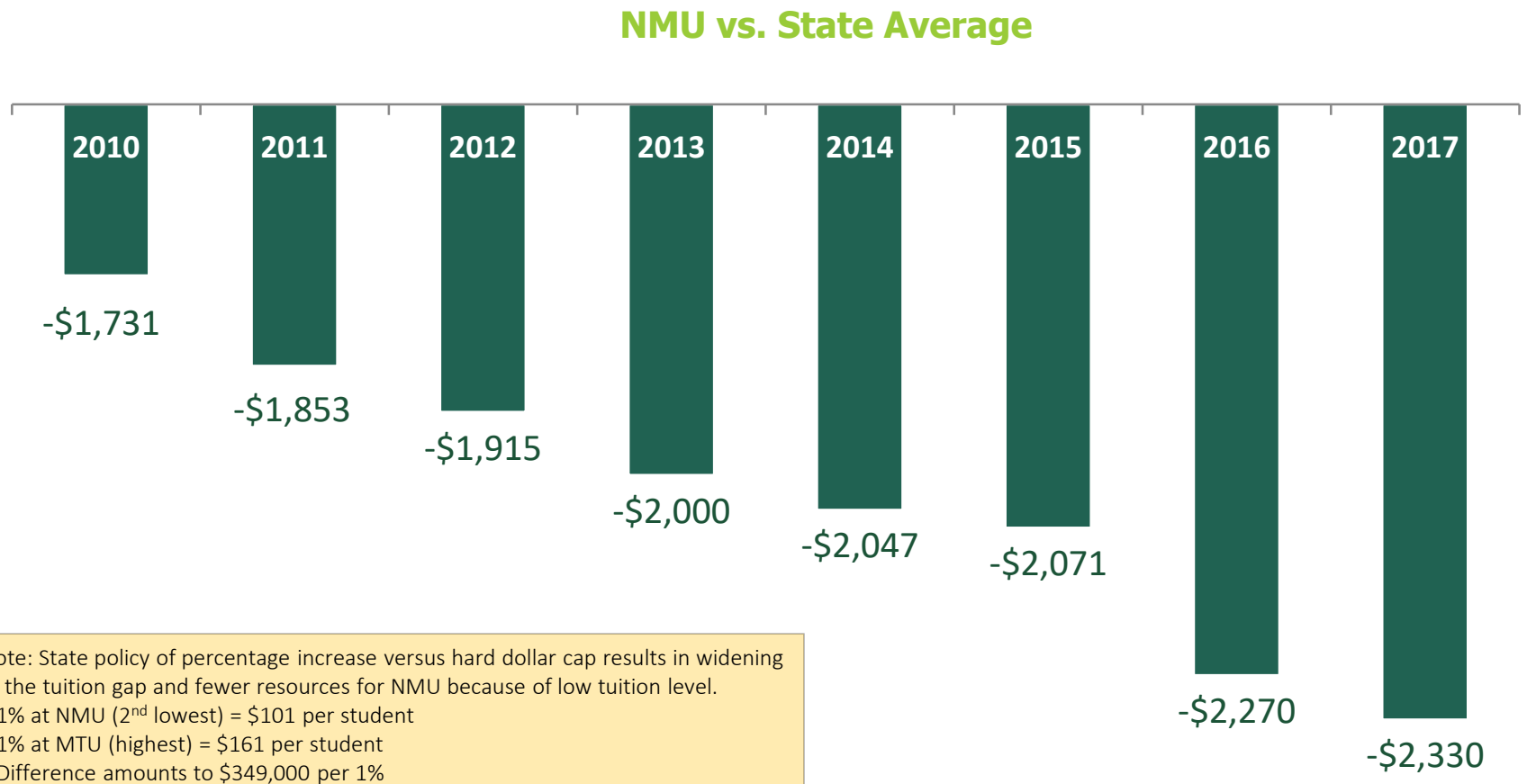
Tuition and Fee Comparison

Univ	FY2015-16	Rank	vs. NMU	% Above or Below NMU
MTU	$15,403	1	$5,723	59.1%
UM-AA	$14,729	2	$5,049	52.2%
MSU	$14,333	3	$4,653	48.1%
WSU	$12,807	4	$3,127	32.3%
OU	$12,431	6	$2,751	28.4%
UM-D	$11,697	5	$2,017	20.8%
CMU	$11,850	7	$2,170	22.4%
EMU	$11,638	8	$1,958	20.2%
WMU	$11,633	9	$1,953	20.2%
FSU	$11,610	10	$1,930	19.9%
GVSU	$11,363	11	$1,683	17.4%
LSSU	$10,580	12	$900	9.3%
UM-F	$10,527	13	$847	8.8%
NMU	**$9,680**	**14**		
SVSU	$8,969	15	-$711	-7.3%
AVG	**$11,950**		**-$2,270**	

Univ	FY2016-17	Rank	vs. NMU	% Above or Below NMU
MTU	$16,051	1	$5,965	59.1%
UM-AA	$15,310	2	$5,224	51.8%
MSU	$14,880	3	$4,794	47.5%
WSU	$13,340	4	$3,254	32.3%
OU	$12,923	5	$2,837	28.1%
UM-D	$12,182	6	$2,096	20.8%
CMU	$12,150	7	$2,064	20.5%
EMU	$12,120	9	$2,034	20.2%
WMU	$12,121	8	$2,035	20.2%
FSU	$11,925	10	$1,839	18.2%
GVSU	$11,832	11	$1,746	17.3%
LSSU	$11,019	12	$933	9.3%
UM-F	$10,956	13	$870	8.6%
NMU	**$10,086**	**14**		
SVSU	$9,345	15	-$741	-7.3%
AVG	**$12,416**		**$2,330**	

Source: State of Michigan database

Annual Resident Undergraduate Tuition and Fee Differential



Note: State policy of percentage increase versus hard dollar cap results in widening of the tuition gap and fewer resources for NMU because of low tuition level.

- 1% at NMU (2nd lowest) = $101 per student
- 1% at MTU (highest) = $161 per student
- Difference amounts to $349,000 per 1%

Source: State of Michigan database

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Tuition and Fee Recommendation

Proposed Fiscal Year 2017-18 Tuition and Fee Adjustment

Proposed tuition and fee adjustments

- Recommend compliance with tuition restraint language with an increase in resident undergraduate tuition and fees $237.50 per semester.
  - Authorize the administration to adjust tuition and fees to remain in compliance with tuition restraint language should it change in the final fiscal year 2017-18 higher education appropriation bill.
- Recommend no increases in course fees.
- Recommend non-resident undergraduate tuition and fees increase the same $237.50 per semester.
- Recommend graduate tuition increase by $24 per credit hour (includes the Doctoral of Nursing Practice Program).
- Extension/Online tuition and fee rates:
  - Recommend lower division and upper division tuition rates increase by $19 per credit hour.
  - Recommend graduate tuition rates increase by $24 per credit hour.

Return on investment

- Remain 2nd lowest tuition and fees in the State
- Invest $1.65 million in new innovative academic programs and university initiatives including:
  - Forensic anthropology
  - Applied behavioral analysis/autism center (BEAR)
  - Medicinal plant chemistry
  - Expanded Nursing simulation lab
  - Cancer and rehabilitation research center
  - RN to BSN program
  - Applied workforce leadership
  - Bachelor of applied studies in management
  - Intercollegiate athletics
  - Student recreation center and student travel funding
- Align resources to strengthen community engagement through expanded outreach activities and the Education Access Network
- Faculty staffing levels to address student need for course frequency, size, and sections.