



Proposed FY 2012 Budget

June 22, 2011

**Board of Governors'
Budget & Finance Committee**

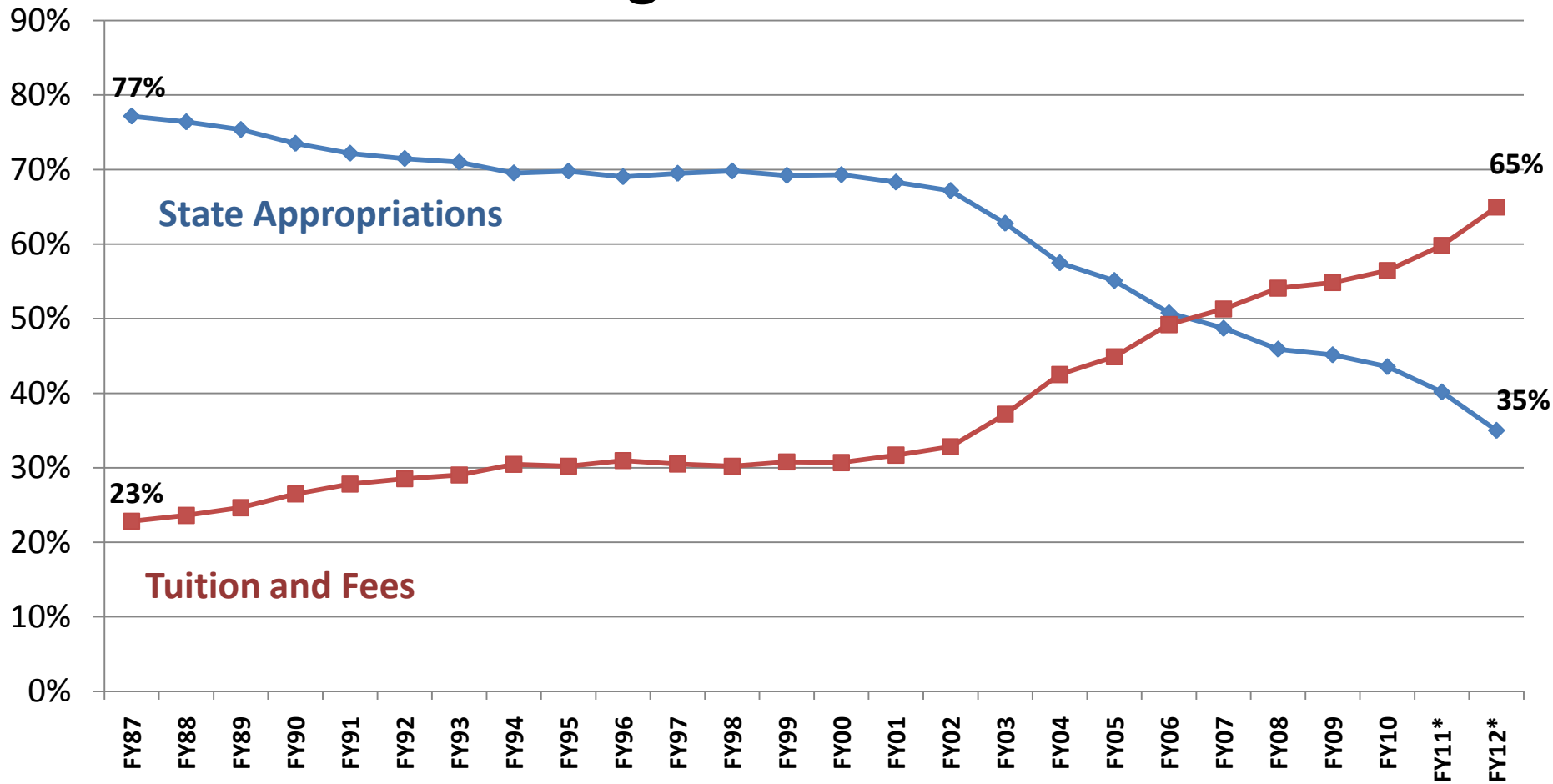
Budget Planning Principles

- Sustain academic programs
- Provide funding to enhance retention efforts
- Continue to support students through enhanced financial aid—both need and merit-based aid
- Continue to invest in research enterprise
- Implement changes in business practices as outlined by Huron Consulting in FY 2012 and beyond
- Invest in additional resource generation

WAYNE STATE UNIVERSITY Benchmark & Peer Comparisons

- In the fall of 2009, the WSU BOG formally adopted a set of peers (13) that allows the University to continuously measure and review how it is performing
- Areas of Satisfaction
 - The University is 12th lowest of 14 on core expenses per FTE student; it ranks 6th on the percent of expenditures dedicated to teaching/research/service
 - WSU ranks 2nd in the percent of students receiving some type of institutional financial aid; while it also ranks 1st for percent of students receiving Pell Aid
 - WSU compensation for full professors is 99% of average; while Asst Professors are 105% of peer average.
 - #12th lowest in number of administrators per 100 students
- Areas of Challenges
 - #13th in freshman to sophomore retention rates; however, if goals of retention program are achieved, WSU could rise to #6.
 - #2nd on the reliance on part-time faculty. With the addition of filled full-time faculty line that are part of the FY 2011 and FY 2012 budgets, this reliance will drop significantly
 - WSU is too reliant on State Appropriations as percent of budget. WSU needs to shift reliance to revenue components that it can have more control over.

Tuition and Fees and State Appropriations as Percentage of Total Revenues



Source: HEIDI

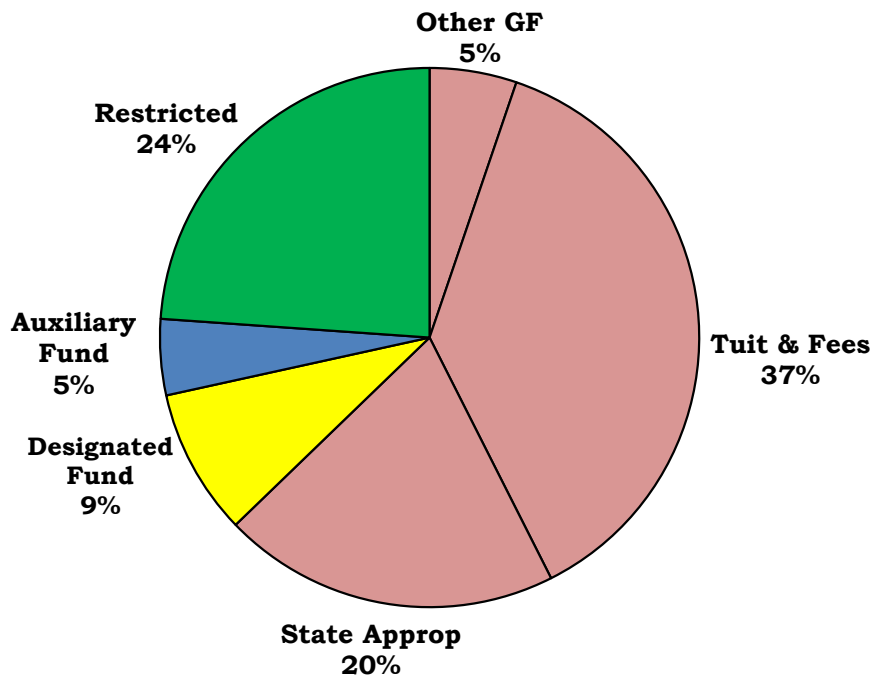
*Source: WSU Budget Books

FY 2012 Current Funds Budget

Revenues

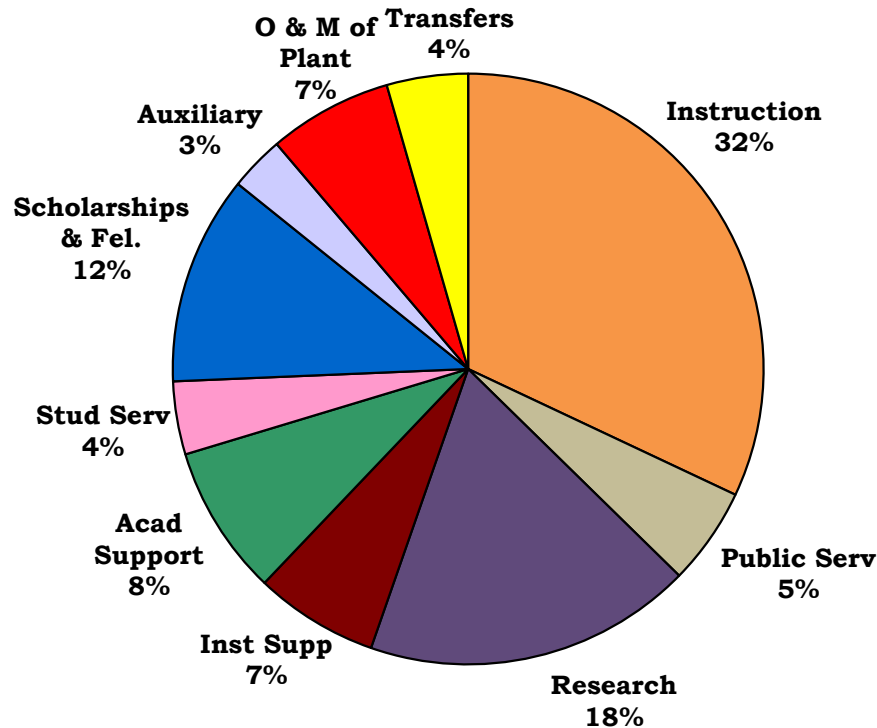
Total Revenues \$900 M

- General Fund Budget: \$565 M
 - Sources: Tuition, fees, ICR and state appropriations
 - Uses: Faculty and staff compensation, utilities, insurance
- Designated Fund Budget: \$79 M
 - Sources: Fees or services, donor gifts and non-governmental organizations
 - Uses: Funding for specific purposes for schools, colleges and divisions
- Auxiliary Fund Budget: \$41 M
 - Sources: Housing, Parking, University Press, Bookstore, Student Center, etc.
 - Uses: Salaries, operations and debt service of auxiliary entities
- Restricted Budget: \$215 M
 - Sources: Governmental grants, sponsored contracts and non-governmental grants and contracts
 - Uses: Grants—support the university’s research activities
 - Uses: Gifts—dedicated components of the educational budget such as scholarships, endowed chairs, and capital improvements



FY 2012 Current Funds Budget

Expenditures

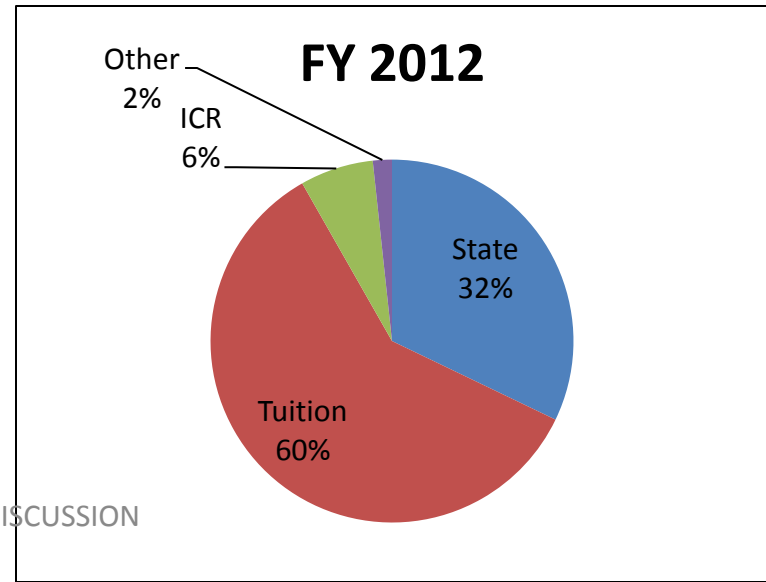
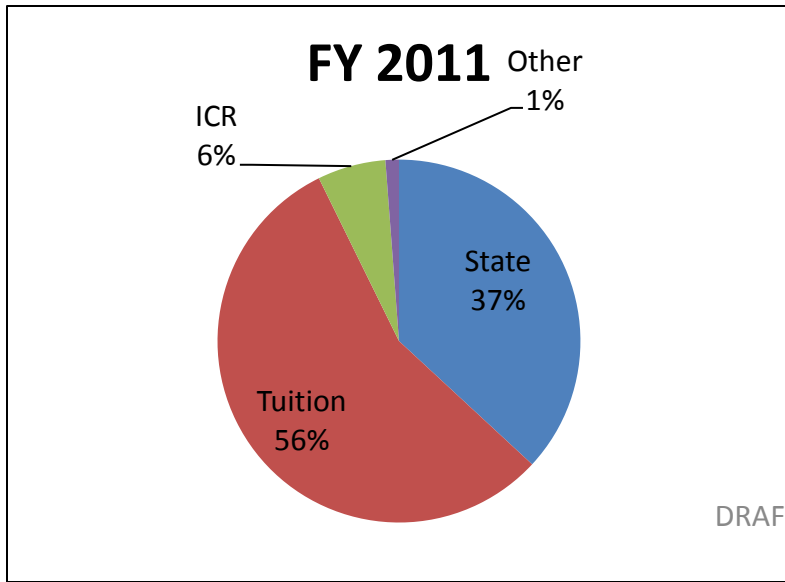


Total Expenditures \$900 M

- Primary Mission 55%
 - Instruction/Public Service: \$335.5M
 - Research: \$162M
- Support Programs 31%
 - Scholarships: \$103M
 - Institutional Support: \$61M
 - Expenditures associated with administrative operations
 - Academic and Student Support: \$112M
 - Expenditures associated with supporting academic and student services
- Auxiliary 3% \$27M
- Plant Operations 7% \$59M
- Transfers 4%
 - Debt Service/Plant Improvement: \$41M

Proposed FY 2012 GF Revenue Budget

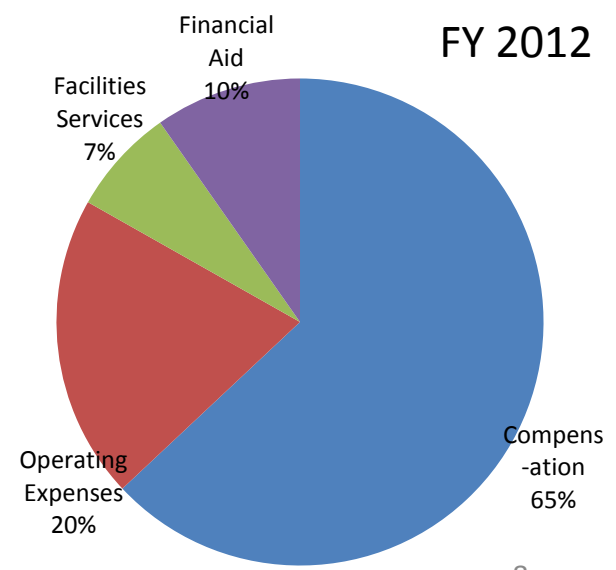
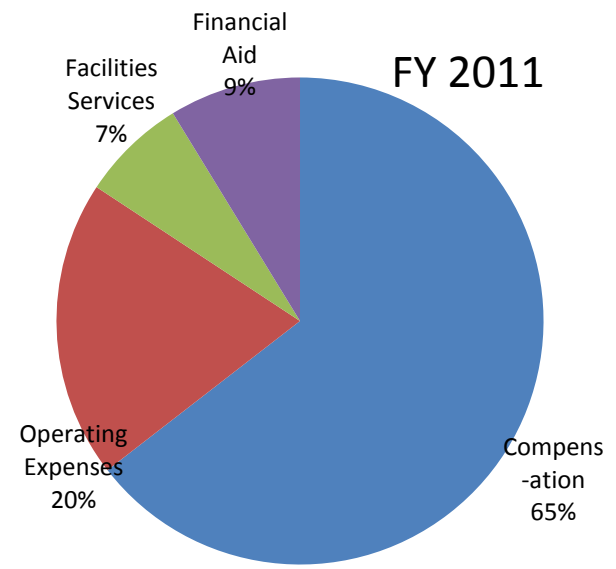
• State Appropriation	\$182 M
• Tuition & Fees	\$336 M
• Indirect Cost Recovery	\$ 37 M
• Cash Investment Income	\$ 5 M
• <u>Other Revenues</u>	<u>\$ 5 M</u>
• Total	\$565 M



DRAFT FOR DISCUSSION

Expenditures

- Compensation
 - Salaries \$283 M
 - Fringes \$ 72 M
 - Total Comp \$356 M
- Operating Expenses \$116 M
- Facilities Services
 - Utilities \$19 M
 - Debt Service \$13 M
 - Deferred Maint. \$ 7 M
- Financial Aid \$ 55 M
- Total \$565 M



FY 2012 Tuition Rates Assumptions

- Proposed Undergraduate Tuition Rate Increases:
 - Undergraduates 6.9%

- Proposed Professional and Graduate Tuition Rate Increases:
 - Law School: 4.9%
 - Pharmacy: 5.9%
 - General Graduate 7.1%
 - School of Medicine: 3.0% (approved 4/11)

MPU Tuition Rate Increases for FY 2012

Annual Tuition and Fees based on 24 credit hours

Institution	FY 2011 Tuition	FY 2011 Variance from WSU	FY 2012 Tuition	\$ Change	% Change	FY 2012 Variance from WSU	Date of Board Meeting
UM-AA	\$11,834	\$4,417	\$12,627	\$793	6.70%	\$4,698	6/16
MTU	\$9,794	\$2,377	\$10,475	\$681	6.95%	\$2,546	4/30
MSU	\$9,069	\$1,652	\$9,695	\$626	6.90%	\$1,766	6/17
WMU	\$9,324	\$1,907	\$9,945	\$621	6.66%	\$2,016	6/9
GVSU	\$9,087	\$1,670			n/a	n/a	7/15
LSSU	\$8,764	\$1,347	\$9,372	\$608	6.94%	\$1,443	n/a
UM-D	\$8,488	\$1,071	\$9,074	\$586	6.90%	\$1,145	6/16
CMU	\$8,307	\$890			n/a	(\$7,929)	7/14
UM-F	\$8,160	\$743	\$8,715	\$555	6.80%	\$786	6/16
FSU	\$7,940	\$523			n/a	(\$7,929)	7/13
NMU	\$7,864	\$447	\$7,864		0.00%	n/a	7/15
OU	\$7,434	\$17	\$7,954	\$520	7.00%	\$26	6/8
WSU	\$7,417	\$0	\$7,929	\$512	6.90%	\$0	6/22
EMU	\$6,720	(\$697)	\$6,965	\$245	3.65%	(\$963)	6/21
SVSU	\$5,846	(\$1,571)	\$6,249	\$403	6.90%	(\$1,679)	6/14

Tuition/Fees & Financial Aid Summary

- WSU Tuition Increase of \$512
 - Freshman taking 24 credit hours
 - MPU average tuition increases to date: \$536
 - WSU's proposed rates are \$24 less
 - Research Univ. Avg. increases to date: \$700
 - WSU's proposed rates are \$188 less
- Financial Aid
 - Record levels of Institutional financial Aid (\$54 M)
 - Financial Aid budget has nearly doubled over last five years
 - FY 2007 \$28 M FY 2012 \$54 M
 - Over 82% of all undergraduate student receive some type of institutional need based or merit based financial aid

How were Budget Adjustments Determined?

FY 2012 Impact:

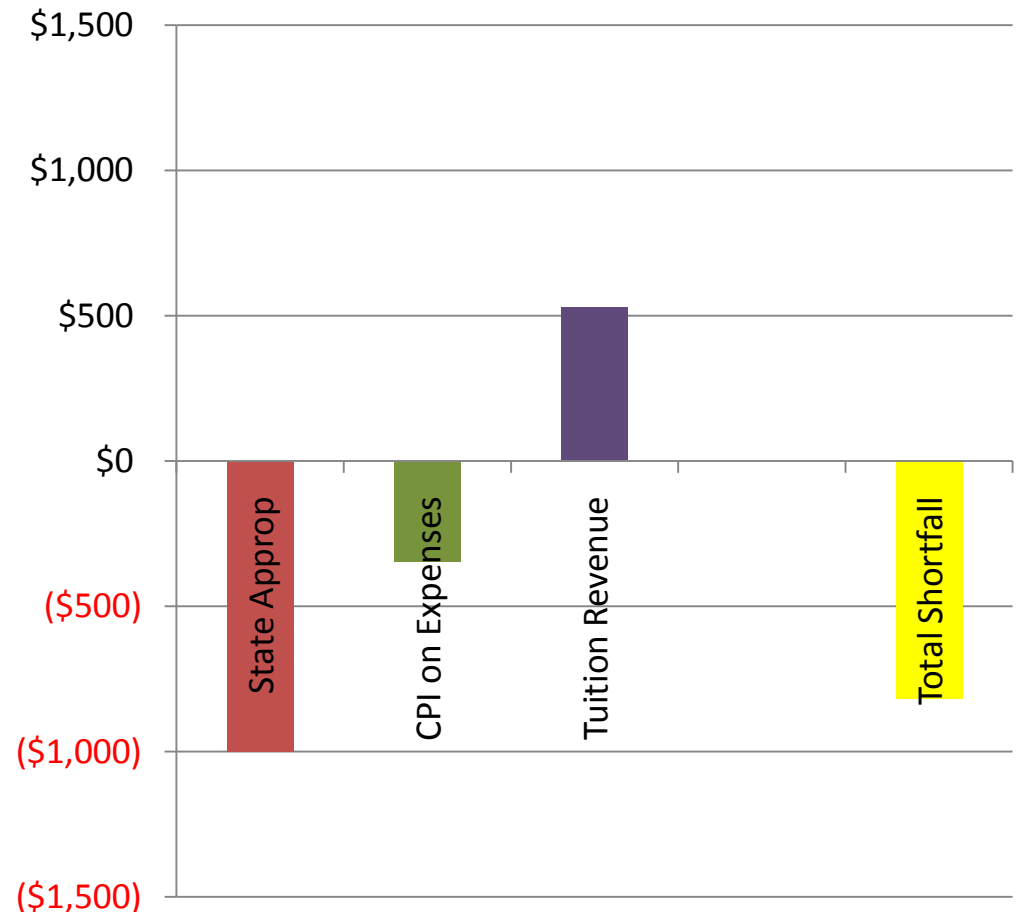
- State Appropriations Impact
 - State Reduction 21% (\$45 M)
 - Tuition Incentive Grant “rebate” \$13 M
 - Shortfall (\$32 M)

- Tuition Increase
 - Tuition Revenue Generation \$16 M
- Shortfall (\$16 M)

- Expenditure Budget Adjustments
 - 2% Increase on FY 2011 base budget (\$11 M)
- Total Shortfall (\$27 M)

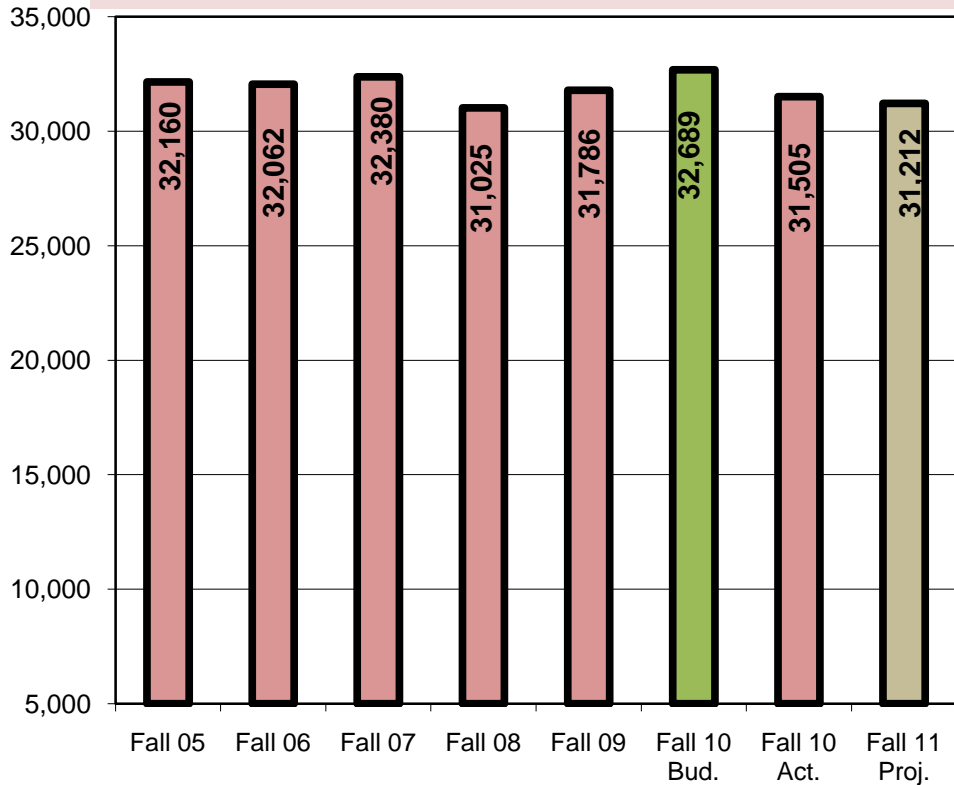
Impact of Budget on per Student Basis

- State Approp. per student decrease by \$1,000 per student
- Expenses increase by \$345 per student
- Undergraduate tuition rates increase by \$512
- Shortfall of \$818 per student

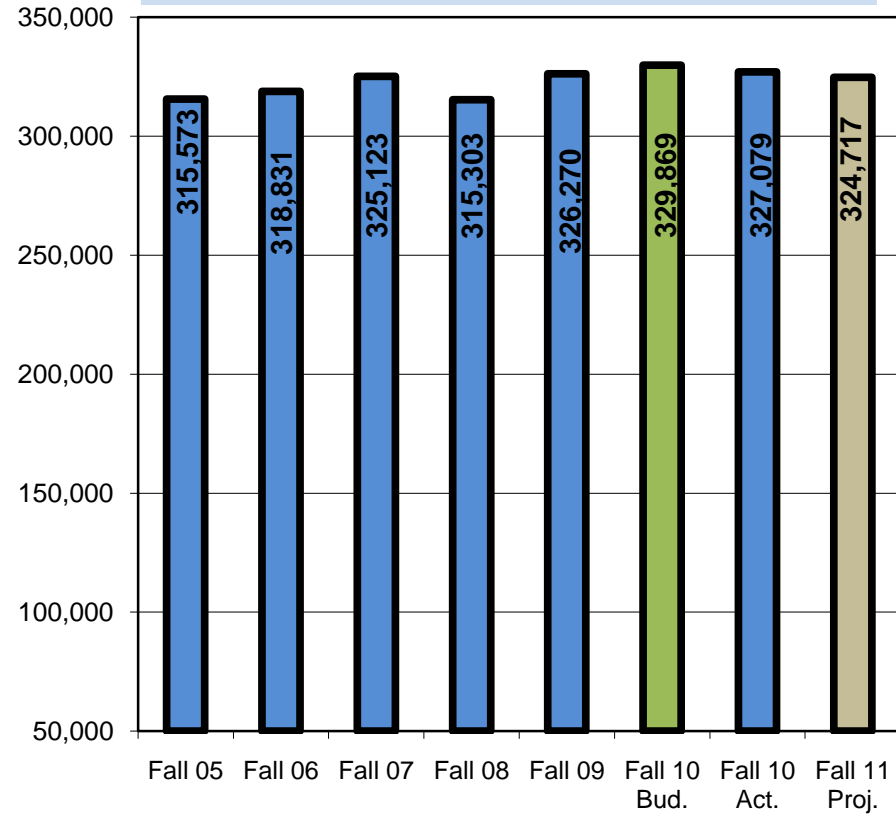


Enrollment Outlook

Total Fall Headcount Enrollment



Fall Credit Hour Production



Summary of Proposed Budgets for Schools & Colleges

Category	FY 2011	FY 2012	1 Yr. % Change	3 Yr. Avg. % Change
Business	\$11,983.2	\$10,989.9	-8.3%	2.3%
Education	\$13,637.9	\$12,131.9	-11.0%	1.3%
Engineering	\$18,995.5	\$18,352.8	-3.4%	1.5%
Fine Arts	\$12,080.8	\$11,851.3	-1.9%	3.7%
Grad School	\$1,809.1	\$1,632.4	-9.8%	-2.0%
Honors	\$1,498.0	\$1,461.7	-2.4%	-2.3%
Law	\$8,589.6	\$8,524.9	-0.8%	3.2%
Liberal Arts & Sciences	\$58,424.8	\$55,901.0	-4.3%	1.6%
Library & Info Science	\$2,435.9	\$2,409.1	-1.1%	8.0%
Medicine	\$63,025.1	\$58,733.6	-6.8%	0.6%
Nursing	\$10,495.3	\$10,922.1	4.1%	12.8%
Pharmacy	\$13,055.9	\$12,823.6	-1.8%	2.5%
Social Work	\$4,806.5	\$4,725.0	-1.7%	6.0%
Total	\$220,837.6	\$210,459.3	-4.7%	2.1%

Proposed Budgets for Divisions

Category	FY 2011	FY 2012	\$ Change	1 Yr. % Change	3 Yr. Avg % Change
Office of the President	\$1,024.4	\$1,266.8	\$242.4	23.7%	4.8%
Provost (w/o Fin Aid)	\$31,896.7	\$30,243.1	(\$1,653.6)	-5.2%	-3.2%
Chief of Staff	\$6,741.6	\$6,237.8	(\$503.8)	-7.5%	-3.2%
C&IT	\$16,390.0	\$16,600.0	\$210.0	1.3%	0.0%
Library	\$17,676.3	\$16,730.4	(\$945.9)	-5.4%	-0.2%
Research	\$13,850.4	\$13,014.7	(\$835.7)	-6.0%	-2.1%
Marketing & Comm	\$3,590.1	\$4,351.0	\$760.9	21.2%	5.2%
Finance & Facilities	\$33,354.0	\$32,960.4	(\$393.6)	-1.2%	0.5%
Development	\$7,698.7	\$7,314.1	(\$384.6)	-5.0%	3.2%
General Counsel	\$2,287.5	\$2,269.7	(\$17.8)	-0.8%	0.9%
Government Affairs	\$1,038.6	\$934.0	(\$104.6)	-10.1%	-2.8%
Athletics	\$4,818.9	\$4,971.1	\$152.2	3.2%	3.9%
Total (w/o Fin Aid & Rrsch Awards)	\$140,367.2	\$136,893.1	(\$3,474.1)	-2.5%	-0.6%
Research Prog. Support	\$8,182.3	\$8,296.1	\$113.8	1.4%	2.2%
Financial Aid	\$50,272.4	\$54,621.0	\$4,348.6	8.7%	8.9%
Total (w/ Fin Aid & Rrsch Awards)	\$198,821.9	\$199,810.2	\$988.3	0.5%	0.0%

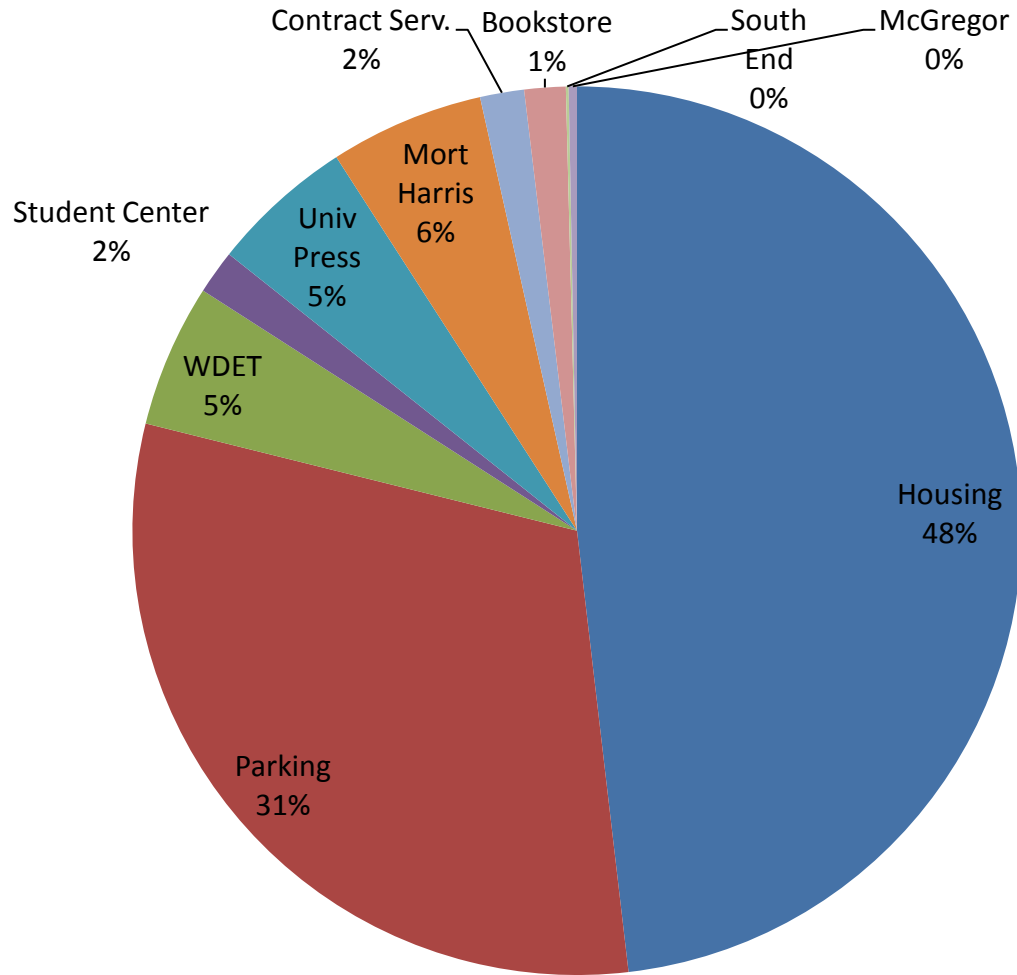
FY 2012 AUXILIARY BUDGETS SUMMARY

Overview of Auxiliary Operations

Wayne State's auxiliary operations consist of eleven units in five basic categories:

- Auxiliary Business Operations:
 - Bookstore, Contract Services, McGregor Memorial Conference Center, Parking and Transportation Services, Student Center
- Publications: *The South End* Newspaper and University Press
- Radio: WDET
- Athletics: Mort Harris Recreation and Fitness Center
- Housing and Residential Life:
 - Previously approved separately, now presented with other auxiliary units

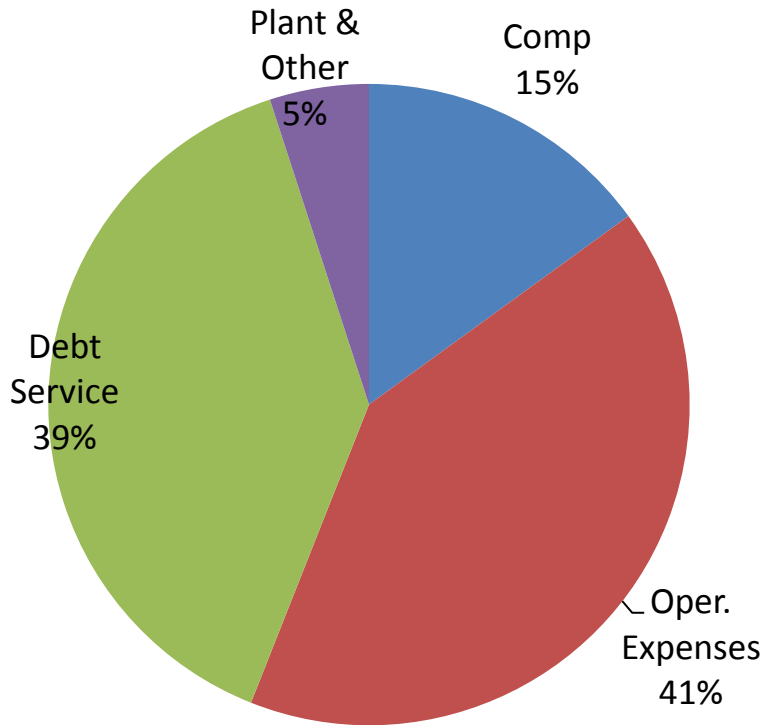
FY 2012 Auxiliary Budgets (\$41 M)



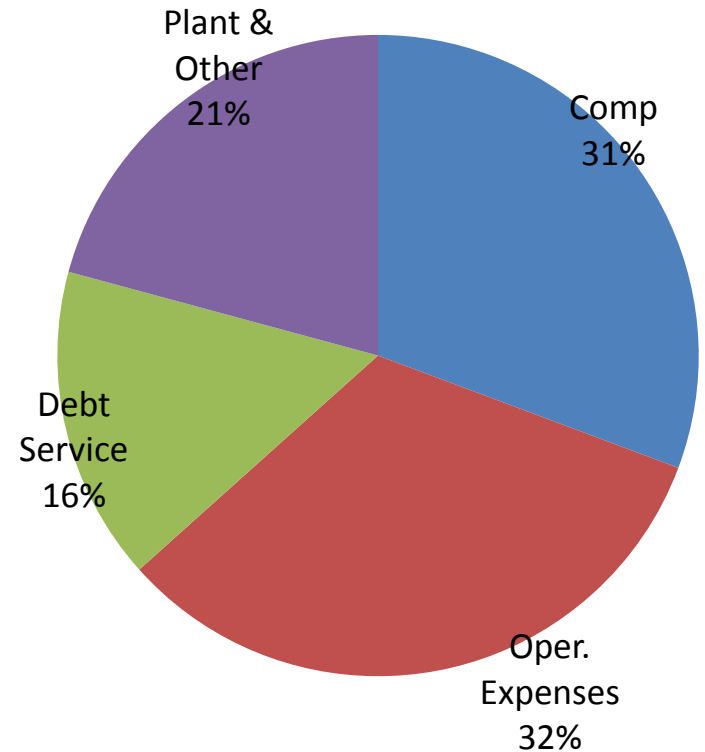
FY 2012 Auxiliary Budgets Overview

Expenditure Components

Housing Budget



Auxiliaries Budget except Housing



Auxiliary Summary

- All Auxiliaries that receive a general fund subsidy received a 10% reduction in their support (\$200 k in total reductions)
- Housing rates increased by 3.5%
 - Occupancy rates expected to remain at current levels
 - Reduced current support by \$100k plus postponed increase of subsidy until FY 2013
 - Budget maintains strong capital investment plan
- Parking Update
 - Budget is consistent with 5-year plan as presented to Board in April
 - Phase one repairs completed in Structure 1
 - Technology upgrades in parking usage tracking and facility management underway
 - FY 2012 budget assumes \$0.25 parking fee increase; all excess fund balance applied to structural improvements and repairs
- Challenging economic conditions for auxiliaries; less spending by both students and departments
- Auxiliary enterprise at WSU is relatively young compared to most institutions

- FY 2012 Budget includes almost \$29 M in base budget reductions
 - Over last 8 years have eliminated almost \$80 M in base budget
 - Employee health care contributions are 28% of total health care costs
 - Significantly reduced utility consumption
 - FY 2012 Utility budget will be at approximately FY 2003 level and down 10% from FY 2010 budgeted levels
- Continued investment in faculty lines
 - Search for 59 faculty lines from FY 2011 and FY 2012 budget still proceeding
 - Restored 46 faculty lines that were initially part of the preliminary budget reduction plan
- Brought in consultants to do a thorough evaluation of business processes
- Investments made in faculty, retention, and information technology
 - Faculty salaries at or above average compared to peers
- Tuition rate will remain one of the lowest in state and financial aid package will remain one of the best
 - Financial Aid will increase by 8.7%; and has nearly doubled in last 5 years

Budget Changes on Faculty and Other Positions

Preliminary Impact of Position Reductions by Category

Position Type (FTE)	Unfilled	Filled	Total
Tenure / Tenure-Track	0.0	0.0	0.0
Lecturer / Adjunct	6.0	0.0	6.0
PT Faculty	18.0	0.0	18.0
Grad Asst	0.0	0.0	0.0
Other Academic	18.0	0.0	18.0
Non Academic	87.0	70.0	157.0
Total	129.0	70.0	199.0

Update on Academic Enhancement and “2%” Positions

Position Type	FY 2011	FY 2012	Total
Tenure / Tenure-Track	30.0	29.0	59.0
Grad Asst	13.0	0.0	13.0
Program Enhancements	2.0	0.0	2.0
Total	45.0	29.0	74.0
Restored Faculty Lines	0.0	46.0	46.0

- Focus on Student Success
 - Invest in additional financial aid
 - Hire more than 50 new faculty with appropriate start-ups
 - Improve retention and graduation rates
- Improve Service to Students, Faculty and Outsiders
 - Administrative processes and business practices
 - Personal accountability
- Build on Scholarly Reputation
 - New Faculty
 - Quality Improvements
 - Research
- Launch new Capital Campaign
- Promote Regional and City development (TechTown, Midtown, etc.)
- Position WSU as excellent, dynamic, successful

Questions?