

Board of Trustees

***Focus Discussion II: Budget
December 11, 2003***

Enrollment Growth

- 1995 Base closure – enrollment (FYES) dropped to 6,243 FYES
 - 945 drop (-12.9%) from two years earlier when closure announced
- All three universities in the U.P.
 - Recruit from same region
 - Face similar recruitment costs
 - Get funds from the State and from tuition
 - Face similar operating costs
- ONLY ONE university – NMU
 - **Dramatically increased enrollment:**
 - **FY1995: 6,243**
 - **FY2004: 8,288 → +2,045 FYES (+32.8%)**
 - NMU is financially secure and best managed and governed
- Thanks to:
 - Board of Trustees that helped create our vision
 - Management Team that understands growth and is dedicated to NMU and to that vision

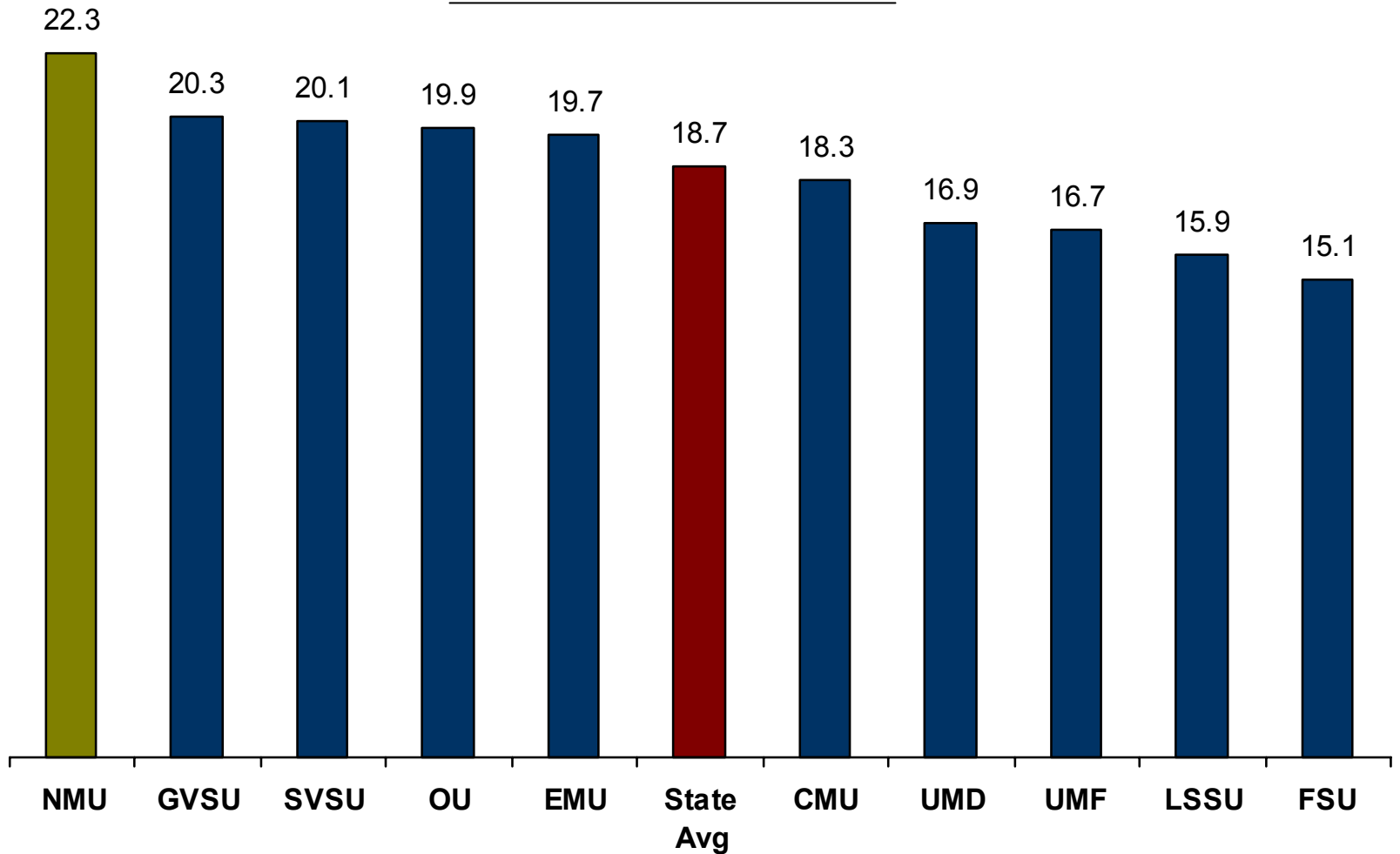
Process

- *Presidents Council*
- *Provided background information on NMU costs compared to other institutions*
- *Directed departments to identify budget adjustments based on an across-the-board target of 6.41%*
 - *Amounts excluded financial aid, debt service, property and liability insurance, and utilities*
- *Prioritized adjustments into low and high impact based on our Mission and Vision and the factors included in ASNMU Litmus Test*

Low vs. High Impact

Faculty Staffing

FYES per Teaching Faculty FTE



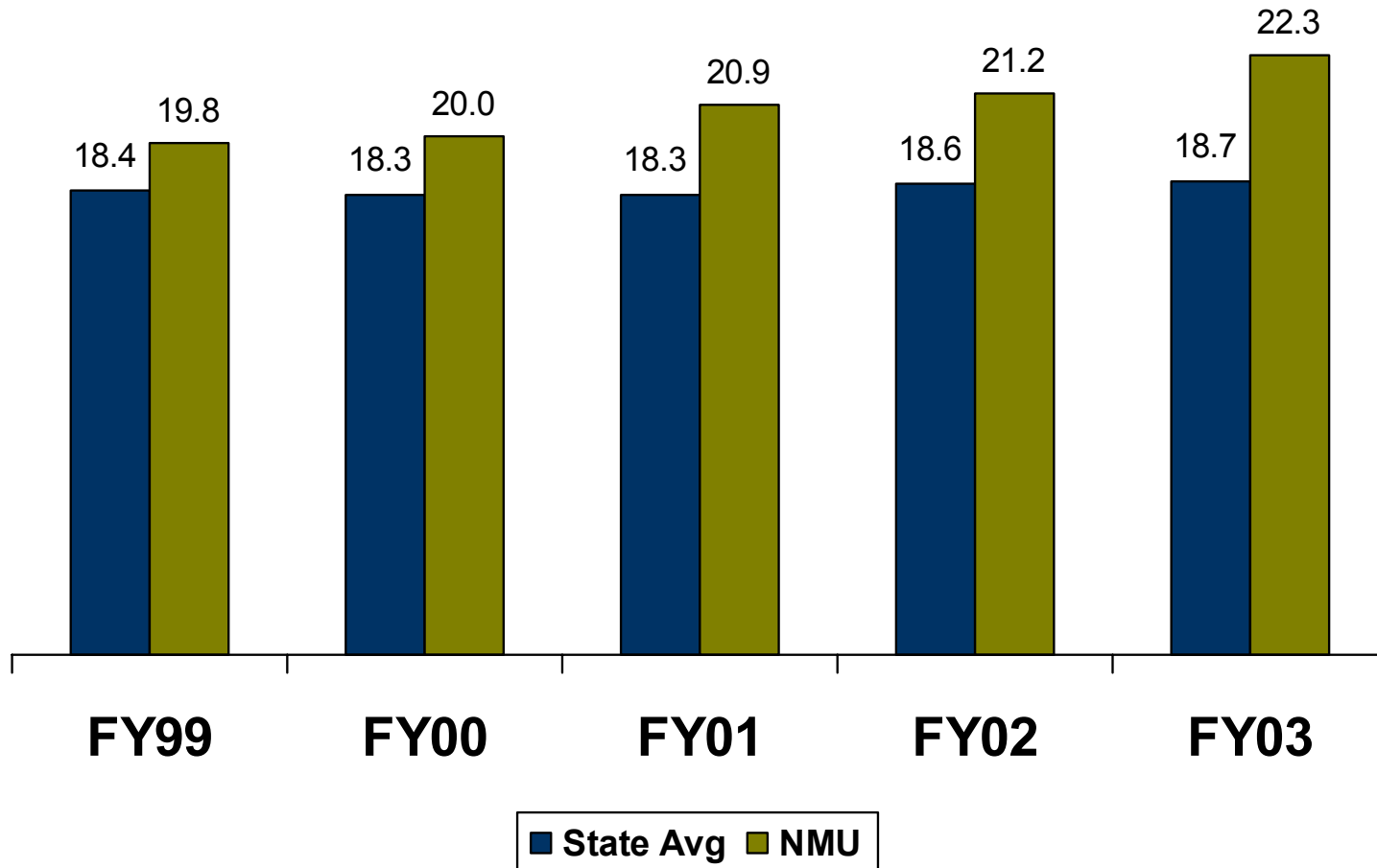
Faculty Staffing

FYES per Teaching Faculty FTE

University	FY99		FY2000		FY2001		FY2002		FY2003	
	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank
NMU	19.8	2	20.0	1	20.9	1	21.2	1	22.3	1
GVSU	19.6	4	19.1	3	18.0	6	18.6	6	20.3	2
SVSU	18.9	5	16.5	7	19.3	3	21.2	2	20.1	3
OU	20.2	1	19.7	2	19.6	2	20.0	3	19.9	4
EMU	18.6	6	18.9	4	19.0	4	19.6	4	19.7	5
CMU	19.7	3	18.8	5	18.6	5	18.6	5	18.3	6
UMD	15.7	9	16.1	9	16.3	8	16.2	8	16.9	7
UMF	17.6	7	18.3	6	16.7	7	17.7	7	16.7	8
LSSU	12.8	10	16.3	8	16.3	9	15.7	9	15.9	9
FSU	15.8	8	15.7	10	15.6	10	15.4	10	15.1	10
Average (Excl NMU)	18.4		18.3		18.3		18.6		18.7	
NMU vs. Avg.	+1.4		+1.7		+2.6		+2.6		+3.5	

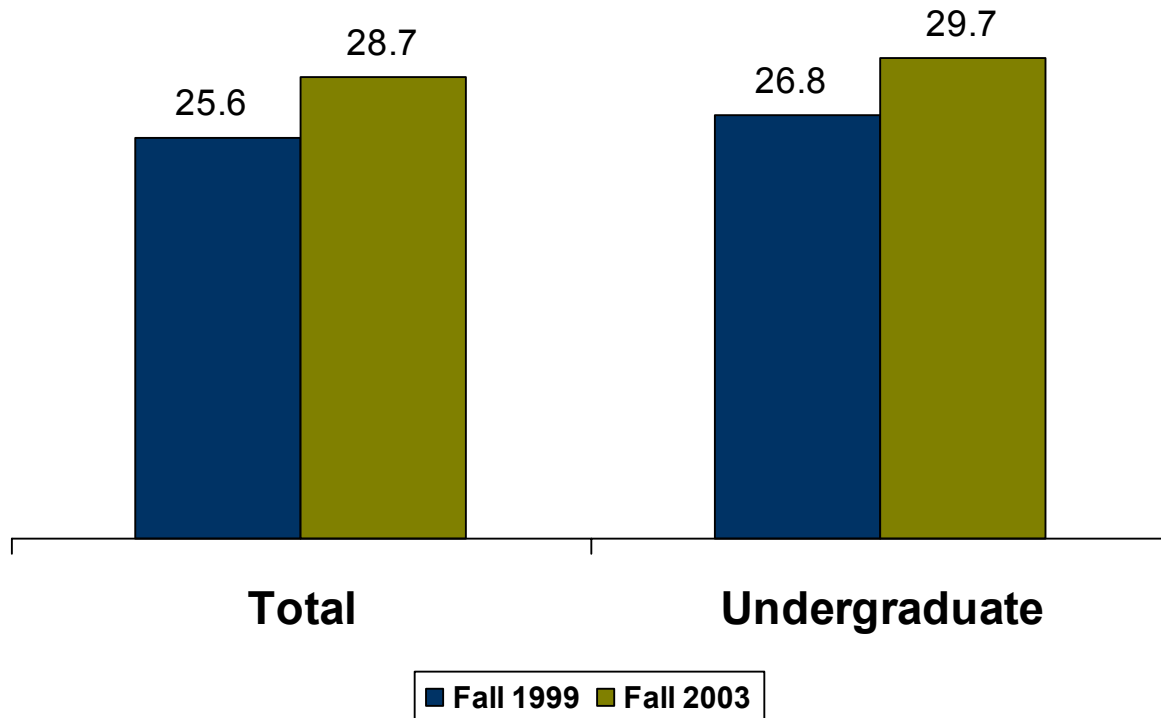
*F*aculty Staffing

FYES per Teaching Faculty FTE



*F*aculty Staffing

Class Size



Faculty Staffing

Estimated full-time staffing ratio

University	Full-time Faculty (a)	Total HEIDI FTE (b)	Full-time %
NMU	275	361.6	76.1%
OU	452	657.0	68.8%
GVSU	574	863.5	66.5%
EMU	651	994.5	65.5%
LSSU	115	182.3	63.1%
FSU	412	653.8	63.0%
CMU	719	1,166.4	61.6%
SVSU	218	354.6	61.5%
UM-D	222	373.8	59.4%
UM-F	167	300.1	55.6%
TOTAL	3,530	5,546.0	63.6%
NMU +/- Avg			+12.4%

(a) Total full-time faculty reported in 2003 Academe

(b) Total faculty FTE reported on Fiscal year 2003 HEIDI database

*Summary of FY2004
Executive Order
Budget Adjustment
Recommendations*

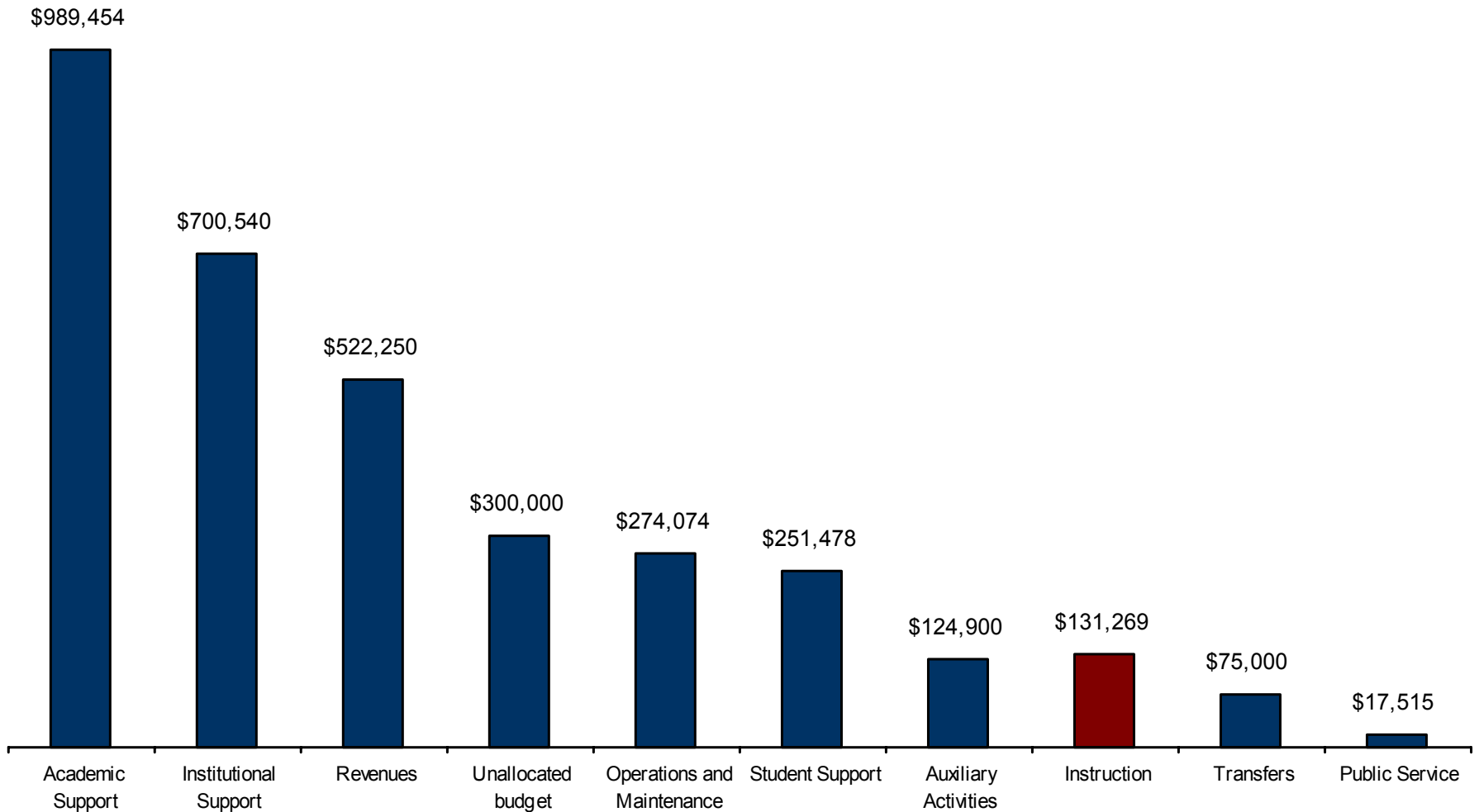
Summary Budget Recommendations

<u>Division</u>	<u>Percent of Budget</u>	<u>Target</u>	<u>Actual</u>		<u>Total Identified</u>
			<u>Low Impact</u>	<u>High Impact</u>	
Academic Affairs	62.5%	2,835,433	\$896,348	\$2,085,944	\$2,982,292
Finance & Administration	30.1%	1,366,424	\$1,279,364	\$164,258	\$1,443,622
President	7.4%	337,452	\$320,718	\$17,016	\$337,734
Subtotal-Division	100.0%	4,539,309	\$2,496,430	\$2,267,218	\$4,763,648
General University		n/a	\$890,050	--	\$890,050
Total		\$4,539,309	\$3,386,480	\$2,267,218	\$5,653,698

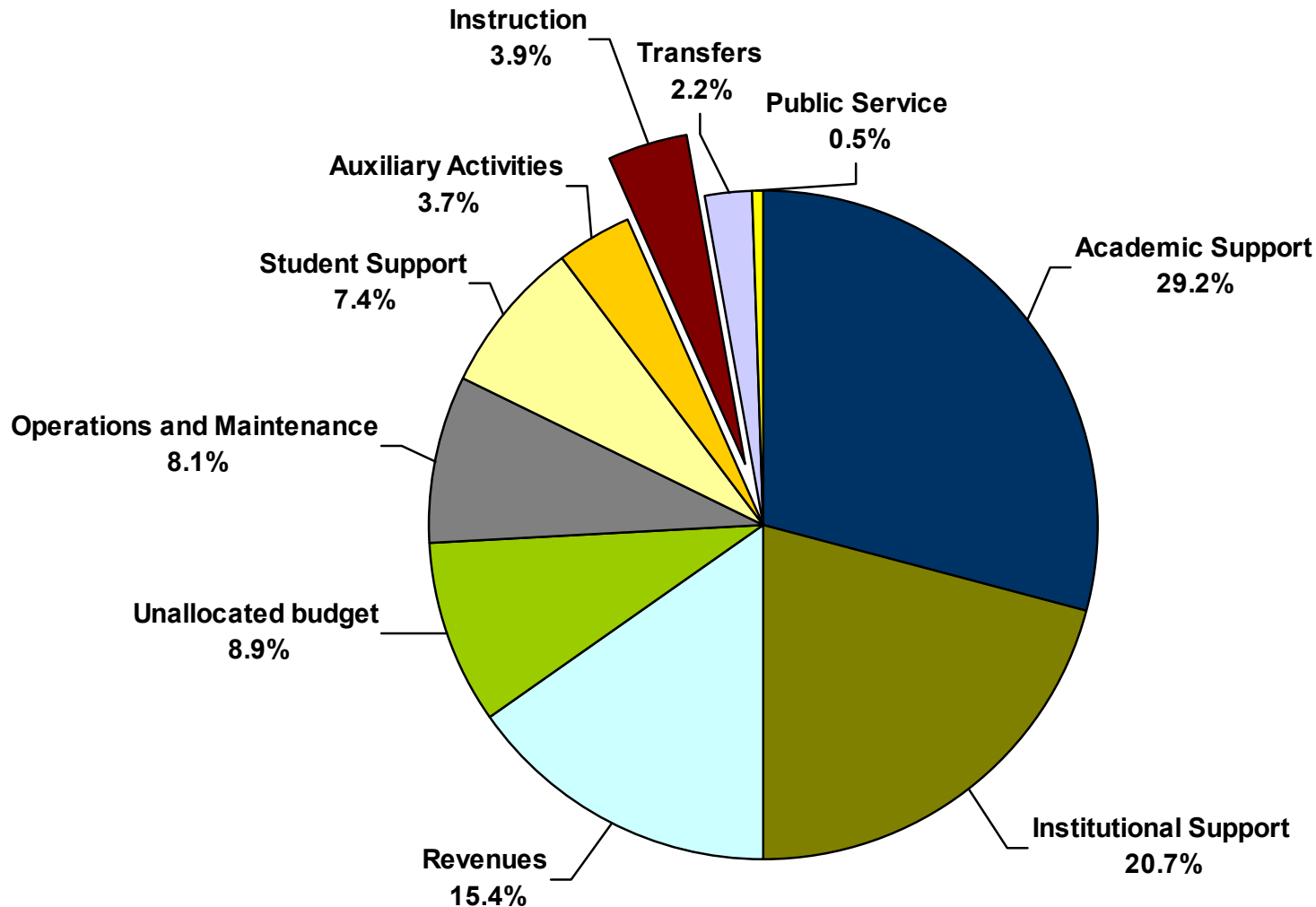
Summary of Budget Recommendations

<u>Division</u>	<u>Division Target</u>	<u>Percent of Budget</u>	<u>Low Impact Adjustments</u>	<u>Division Percent of Adjustments</u>
Academic Affairs	2,835,433	62.5%	\$896,348	35.9%
Finance & Administration	1,366,424	30.1%	\$1,279,364	51.2%
President	337,452	7.4%	\$320,718	12.8%
Subtotal-Division	4,539,308	100.0%	\$2,496,430	100.0%
General University			\$890,050	
Total			\$3,386,480	

Budget Adjustments by Function

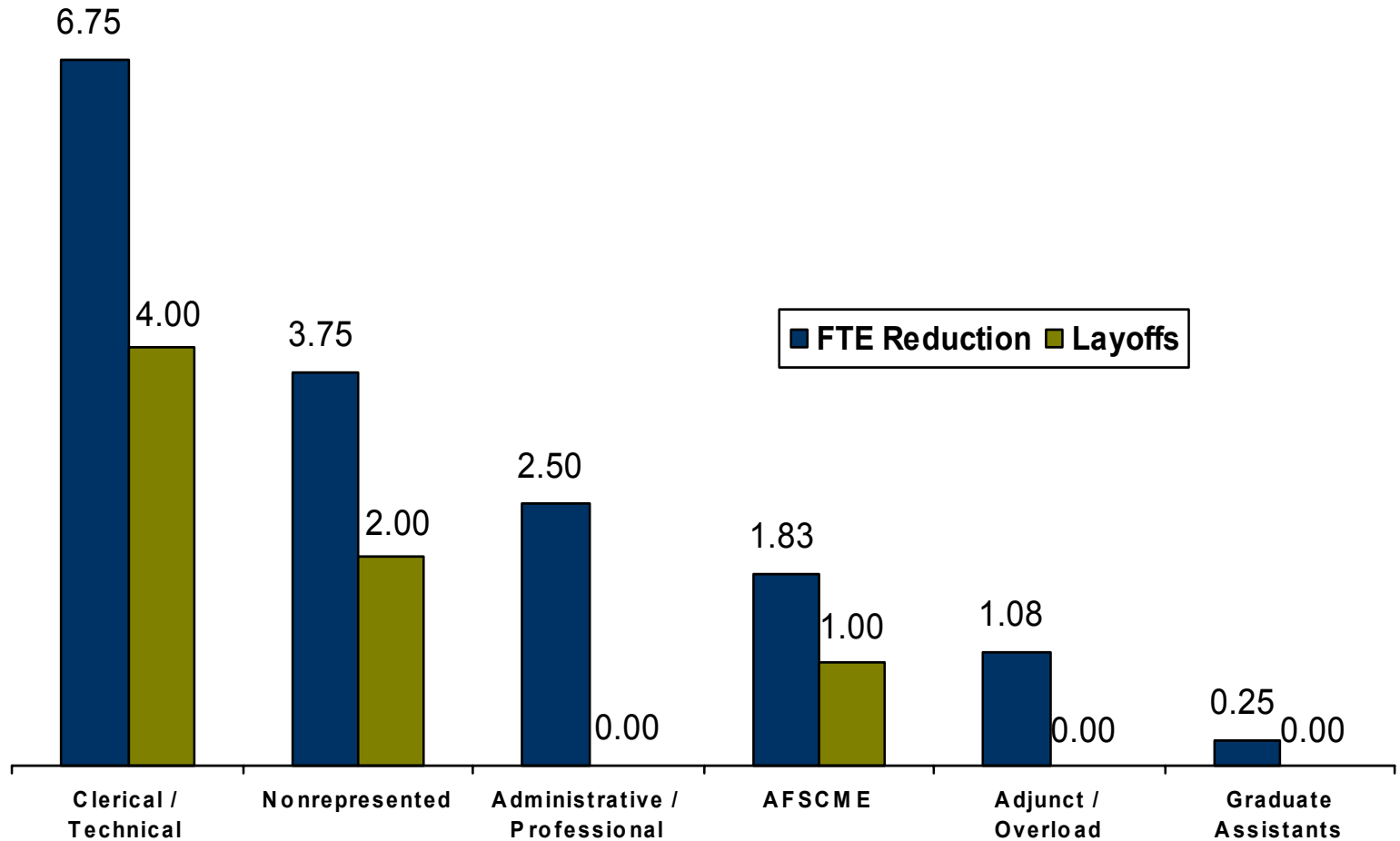


Function Percentage of Total Budget Adjustments



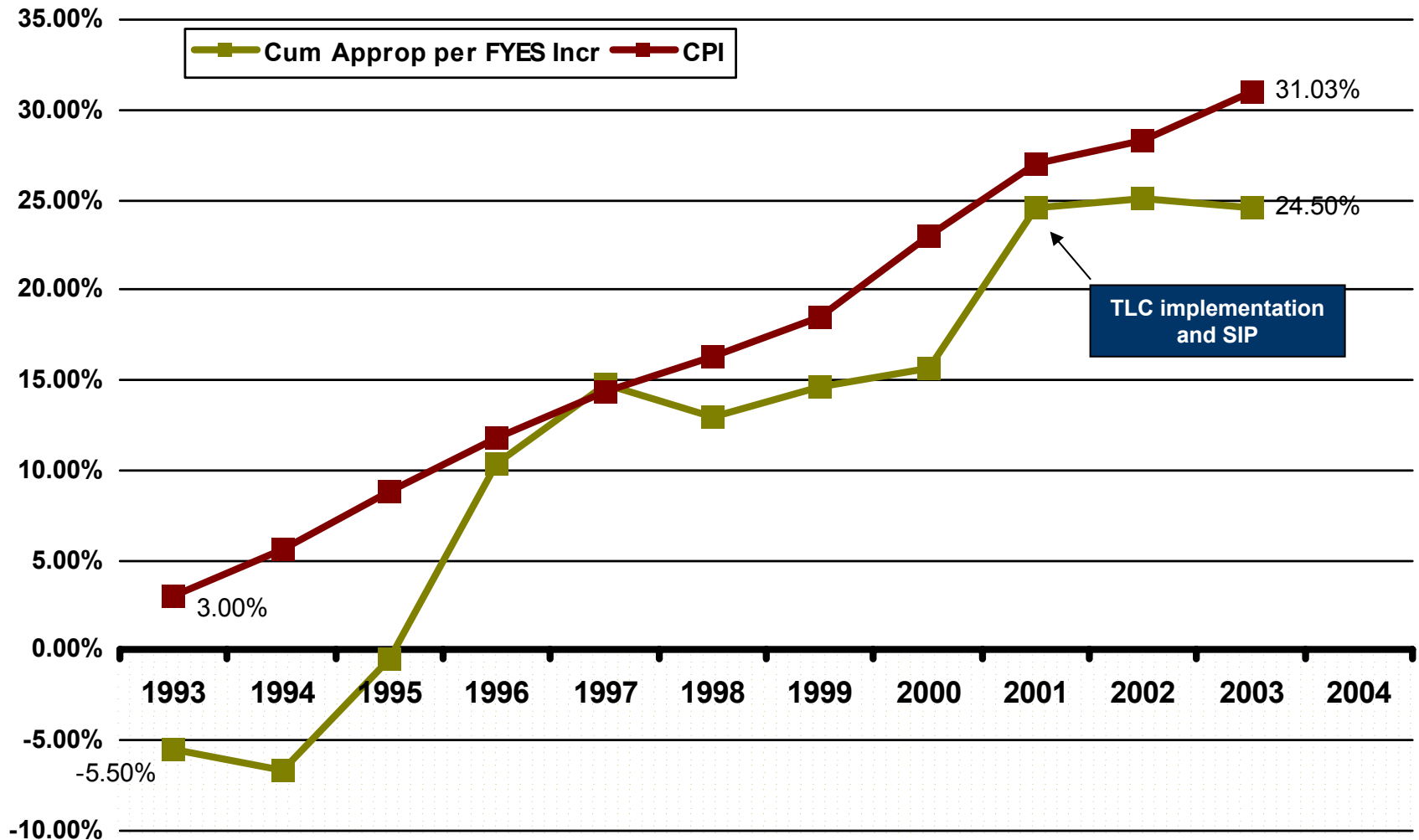
Position FTE Reductions and Layoffs

by Employee Group

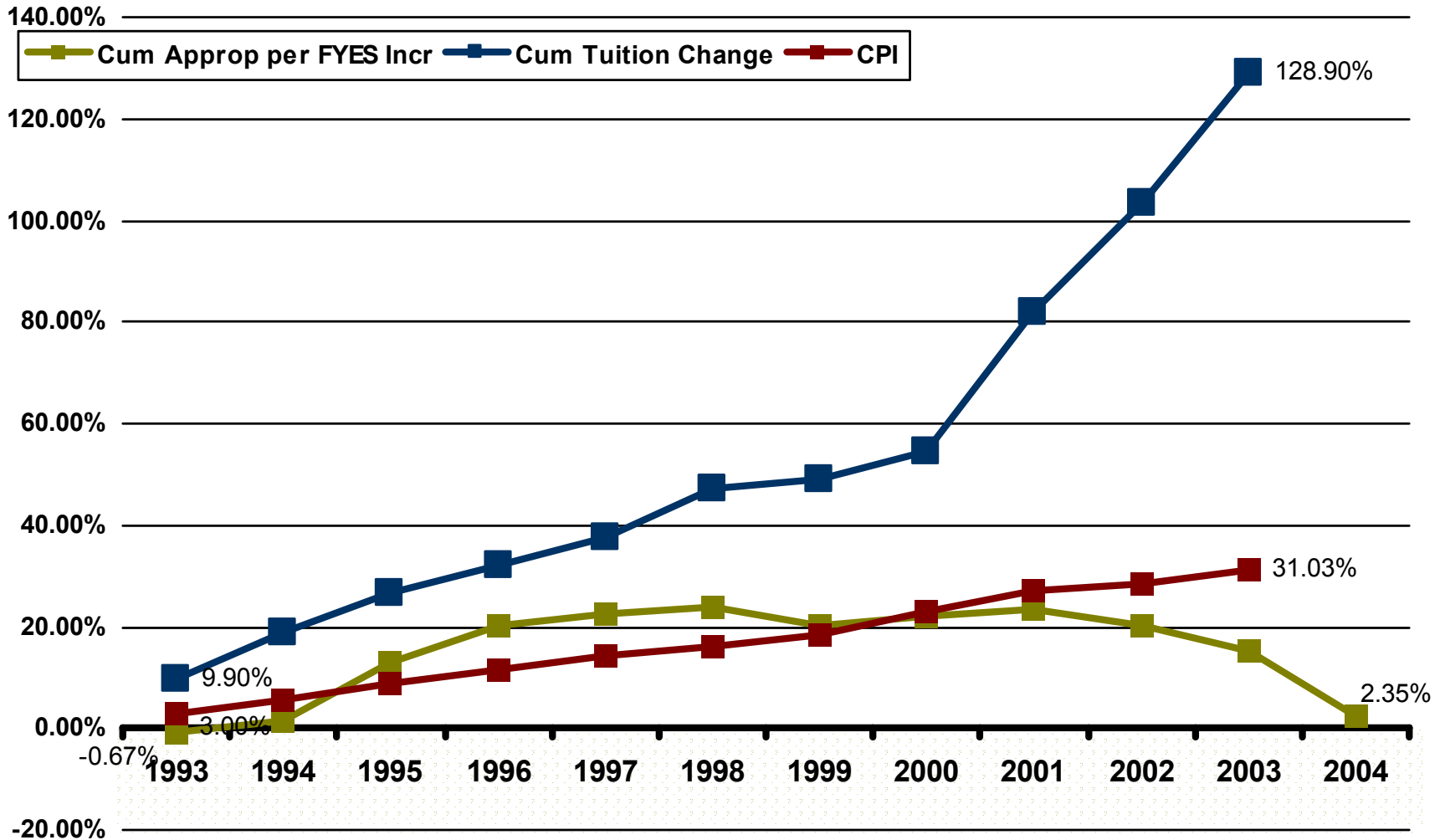


*NMU Revenue & Cost
History*

Cumulative Change in NMU Cost per student compared to cumulative change in the CPI (FY1992 base year – 10 year period)

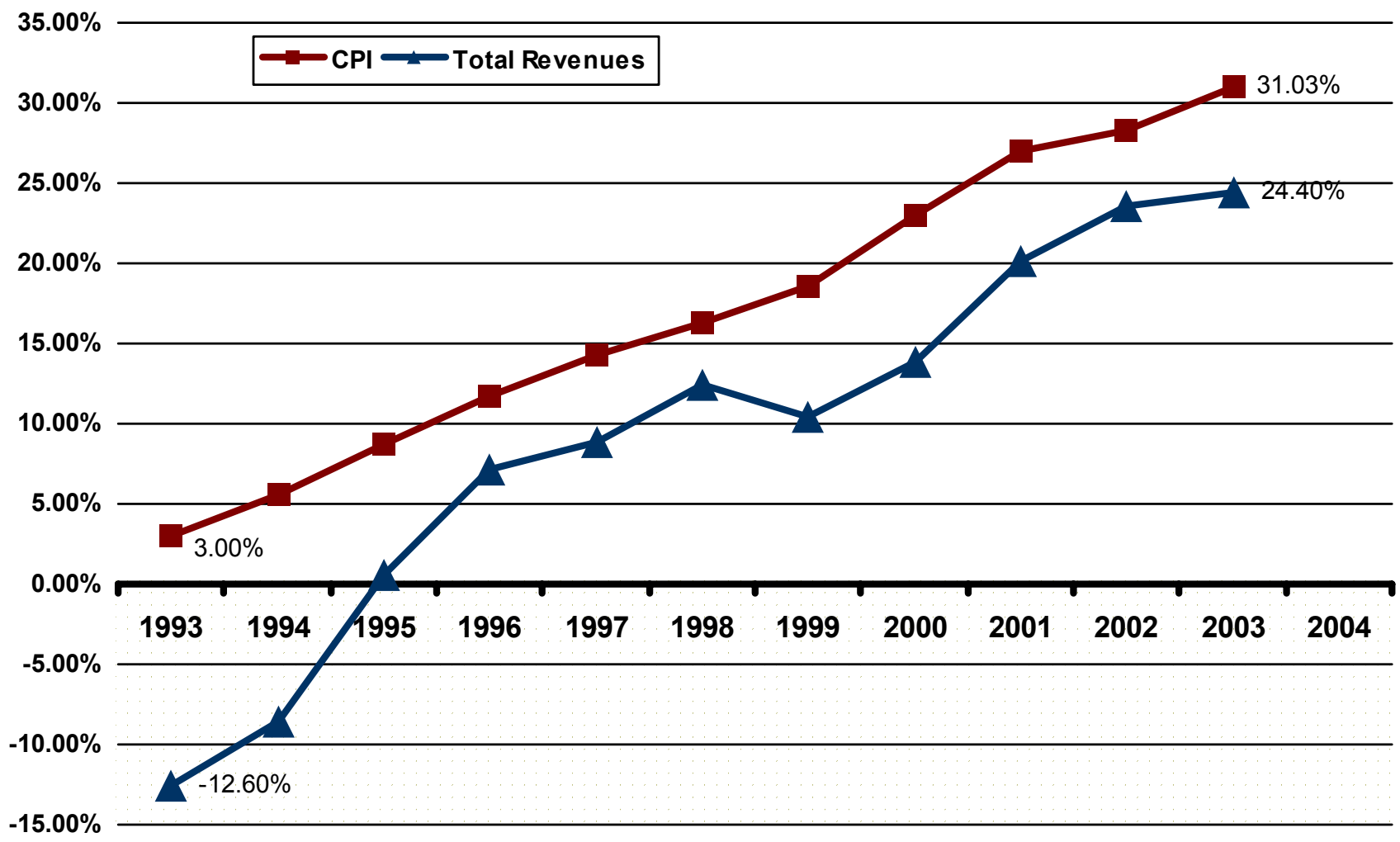


Cumulative Change in NMU Appropriation and Tuition and Fees per Student compared to cumulative change in CPI (FY1992 base year – 10 year period)



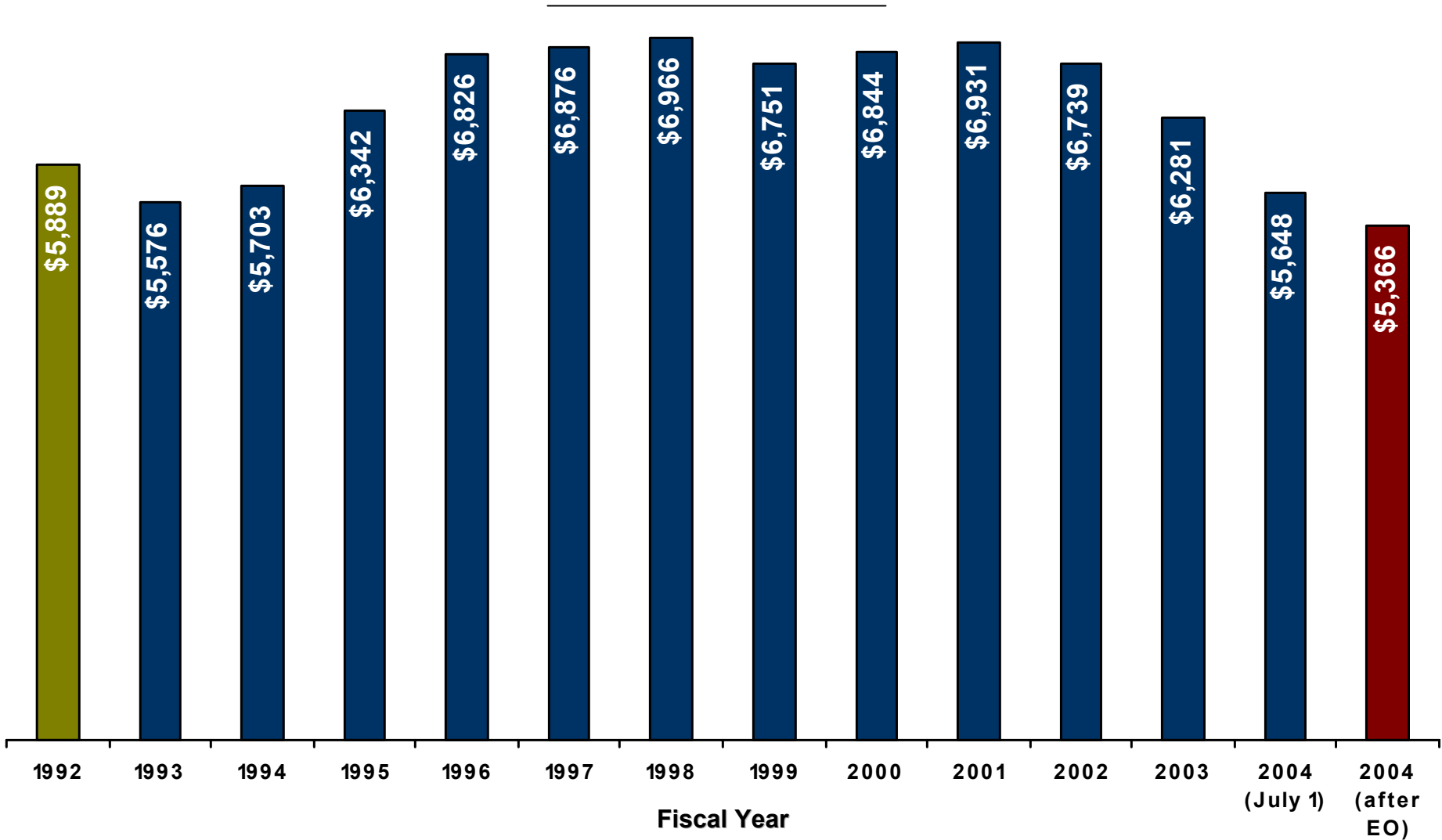
Source: State of Michigan, HEIDI Database

Cumulative Change in Total Revenue per Student compared to cumulative change in CPI (FY1992 base year – 10 year period)



Source: State of Michigan, HEIDI Database

State Appropriation History

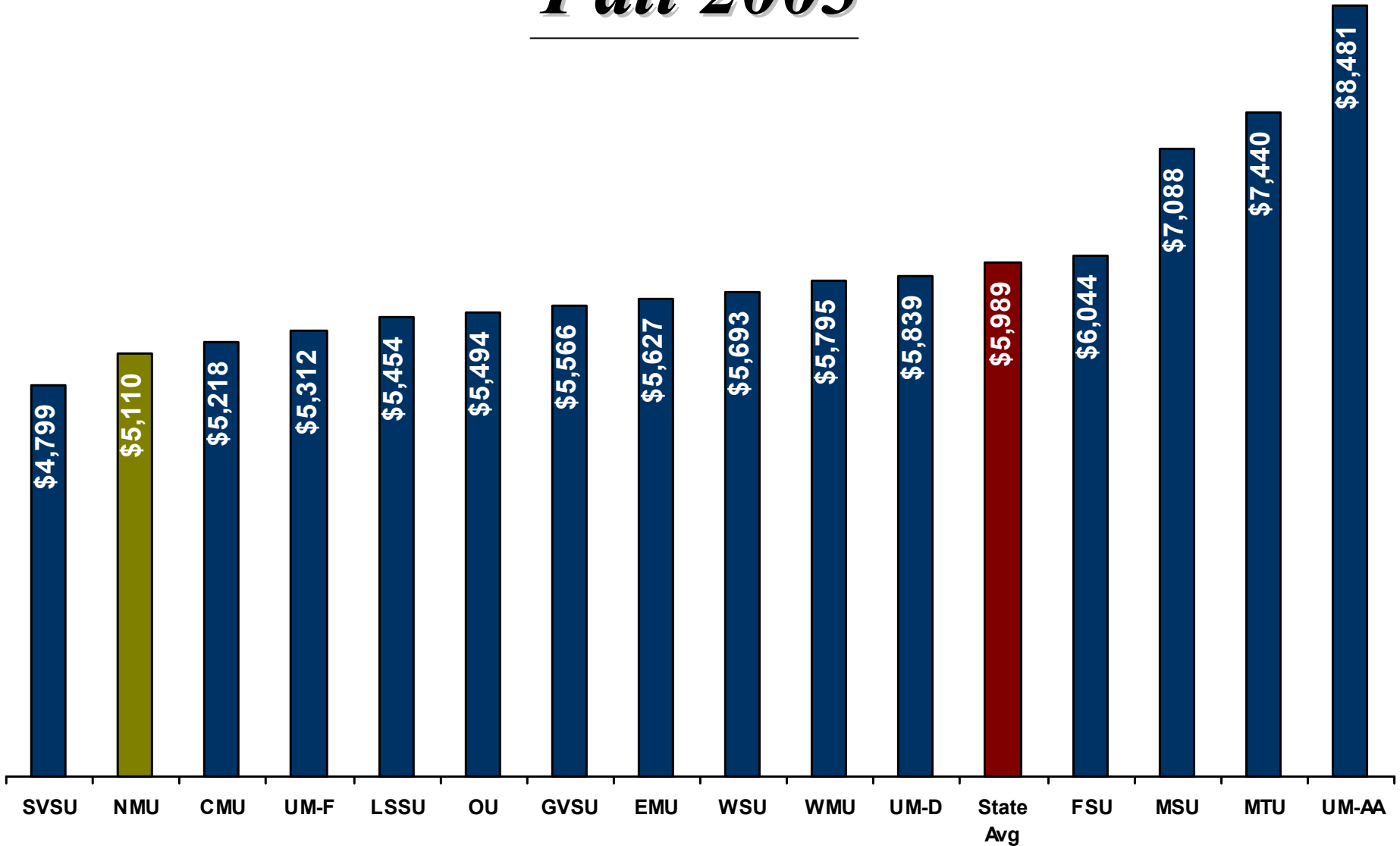


Tuition and Fees

Fall 2003

Annual Tuition and Fees

Fall 2003



Annual Tuition and Fees Differential

Fall 2003

15 Michigan Public Universities:

<u>University</u>	<u>Annual Tuition and Fees</u>	<u>FY2004 Pct Increase</u>	<u>NMU +/- Difference</u>
University of Michigan-Ann Arbor	\$8,481	6.5%	-\$3,371
Michigan Technological University	\$7,440	12.9%	-\$2,330
Michigan State University	\$7,088	9.8%	-\$1,978
Ferris State University	\$6,044	9.9%	-\$934
University of Michigan-Dearborn	\$5,839	9.5%	-\$729
Western Michigan University	\$5,795	12.4%	-\$685
Wayne State University	\$5,693	11.5%	-\$583
Eastern Michigan University	\$5,627	11.9%	-\$517
Grand Valley State University	\$5,566	8.1%	-\$456
Oakland University	\$5,494	9.2%	-\$384
Lake Superior State University	\$5,454	14.6%	-\$344
University of Michigan-Flint	\$5,312	11.0%	-\$202
Central Michigan University	\$5,218	9.9%	-\$108
Northern Michigan University	\$5,110	6.9%	--
Saginaw Valley State University	\$4,799	9.5%	+\$312
State Average (excl NMU)	\$5,989	10.2%	-\$879

Source: Presidents Council, State Universities of Michigan, November 14, 2003

Revised Budget Projection

Fiscal Years 2004 and 2005

Revised General Fund Budget Projection (revised for actual EO)

Fiscal Years 2004 and 2005

Description	FY04	FY05
	Exec Order	Revised
Assumptions:		
Appropriation Reduction (revised to actual Executive Order)	-5.0%	-5.0%
Fiscal Year Equated Student (FYES) increase	n/a	+3.0%

BASE BUDGET:

FY04 and FY05 State Appropriations and Enrollment:

<i>State appropriation:</i>		
Executive order (FY2004)	(\$2,340,575)	--
Projected appropriation adjustment (FY2005)	--	(\$2,224,000)
Enrollment revenues	--	\$1,170,000
Less: Scholarships (\$748 per student avg.-- FY05 revised)	--	(\$181,000)
TLC allocation (\$667 per student average -- FY05 revised)	--	(\$162,000)
Faculty staffing (adjust based on increase/22.3 -- 22.3:1 ratio)	--	10.8
Faculty staffing adjustments	--	(\$651,000)
Subtotal	(\$2,340,575)	(\$2,048,000)

FY05 State Budget Request:

Compensation, staffing, and support		(\$2,022,000)
MPSERS		(\$300,000)
Health Insurance		(\$600,000)
Utilities		(\$350,000)
Debt Service		\$0
Subtotal		(\$3,272,000)

Other Adjustments:

Reduction to designated appropriations	\$84,128	
Faculty and department head compensation adjustments	(\$260,295)	(\$104,816)
Subtotal	(\$176,167)	(\$104,816)

Net surplus (shortfall) before adjustments **(\$2,516,742)** **(\$5,424,816)**

Budget Options

(revised for actual EO)

Fiscal Years 2004 and 2005

Budget Option #1 (revised)

Description	FY04	FY05
	Executive Order	Revised Estimate
Assumptions:		
Appropriation (Revised for Actual Executive Order)	-5.0%	-5.0%
Enrollment	n/a	+3.0%
Option #1 (Revised for Actual Executive Order):		
Projected Shortfall		
After appropriation reductions and projected cost increases	(\$2,516,742)	(\$5,424,816)
Budget adjustments		
Presidents Council base adjustments (\$3,386,480 over two years)	\$1,835,072	\$1,551,407
BAC 2005 adjustments		\$1,834,548
Subtotal -- Budget Reductions	\$1,835,072	\$3,385,955
Tuition increase		
FY04 percentage increase	3.6%	
FY04 cost to student (mid-year is \$94; full year would be \$188)	\$94.00	
Tuition revenue generated	\$681,670	\$724,861
FY05 percentage increase		3.3%
FY05 cost to student		\$166.00
Tuition revenue generated		\$1,314,000
Subtotal -- Tuition and fee revenue	\$681,670	\$2,038,861
TOTAL -- Base Budget Adjustments	\$2,516,742	\$5,424,816
BALANCE -- Base Budget	\$0	\$0

Budget Option #2 (revised)

Description	FY04	FY05
	Executive Order	Revised Estimate
Assumptions:		
Appropriation (Revised for Actual Executive Order)	-5.0%	-5.0%
Enrollment	n/a	+3.0%
Option #2 (Revised for Actual Executive Order):		
Projected Shortfall		
After appropriation reductions and projected cost increases	(\$2,516,742)	(\$5,424,816)
Carryover deficit from prior year		(\$119,670)
Subtotal -- Projected Shortfall	(\$2,516,742)	(\$5,544,486)
Budget adjustments		
Presidents Council base adjustments (\$3,386,480 over two years)	\$1,835,072	\$1,551,407
BAC 2005 adjustments		\$1,834,548
Subtotal -- Budget Reductions	\$1,835,072	\$3,385,955
Tuition increase		
FY04 percentage increase	3.0%	
FY04 cost to student (mid-year is \$77; full year would be \$154)	\$77.00	
Tuition revenue generated	\$562,000	\$611,530
FY05 percentage increase		3.9%
FY05 cost to student		\$197.00
Tuition revenue generated		\$1,547,000
Subtotal -- Tuition and fee revenue	\$562,000	\$2,158,530
TOTAL -- Base Budget Adjustments	\$2,397,072	\$5,544,486
BALANCE -- Base Budget	(\$119,670) *	\$0

* University would need to identify one-time dollars in FY04 budget to balance on a one-time (cash flow) basis

Budget Option #3 (revised)

Description	FY04	FY05
	Executive Order	Revised Estimate
Assumptions:		
Appropriation (Revised for Actual Executive Order)	-5.0%	-5.0%
Enrollment	n/a	+3.0%
Option #3 (Revised for Actual Executive Order):		
Projected Shortfall		
After appropriation reductions and projected cost increases	(\$2,516,742)	(\$5,424,816)
Carryover deficit from prior year		(\$681,670)
Subtotal -- Projected Shortfall	(\$2,516,742)	(\$6,106,486)
Budget adjustments		
Presidents Council base adjustments (\$3,386,480 over two years)	\$1,835,072	\$1,551,407
BAC 2005 adjustments		\$1,834,548
Subtotal -- Budget Reductions	\$1,835,072	\$3,385,955
Tuition increase		
FY04 percentage increase	0.0%	
FY04 cost to student	\$0.00	
Tuition revenue generated	\$0	\$0
FY05 percentage increase		7.0%
FY05 cost to student		\$357.00
Tuition revenue generated		\$2,720,531
Subtotal -- Tuition and fee revenue	\$0	\$2,720,531
TOTAL -- Base Budget Adjustments	\$1,835,072	\$6,106,486
BALANCE -- Base Budget	(\$681,670) *	\$0

* University would need to identify one-time dollars in FY04 budget to balance on a one-time (cash flow) basis

***E**xecutive Order No.2003-03*

December 2003

- **Fiscal Year 2003-04**
 - 5% appropriation reduction (\$2,340,600)
- **Fiscal Year 2004-05**
 - 3% rebate (\$1,404,300)
 - *If:*
 - 0% fiscal year 2003-04 mid-year tuition increase
 - Fiscal year 2004-05 tuition increase at or below the CPI

Protected

- ***Learning environment***
 - *Student/faculty ratio*
 - *Class size*
 - *Educational quality*
- ***Student jobs***
- ***Student financial aid***
- ***Limited impact on living environment***

Intentionally Blank

*Low Impact Budget
Adjustments*

Divisional General Fund

*Base Budget Adjustment **Targets***

<u>Division</u>	<u>Percent of Budget</u>	<u>Target</u>
Academic Affairs	62.5%	2,835,433
Finance & Administration	30.1%	1,366,424
President	7.4%	337,452
<i>Subtotal-Division</i>	100.0%	4,539,309

Academic Affairs Division

Total Low Impact Adjustments: \$896,348 (8.66 FTE)

IMPACT	
Low ("L")	
FTE	Amount

Line	Department	Type of reduction	Impact	FTE	Amount
Total: University			Low Impact Reductions:	\$3,386,480	
			FTE:	16.16	

Division: Provost & Vice President for Academic Affairs

Provost & Vice President for Academic Affairs:

1	Provost & VPAA	Eliminate support funding	Assoc Provost Discretionary; less support for misc. student activities	--	\$4,887
2	Provost & VPAA	Reduce equipment funding	Academic Equipment; some emergency needs will not be met	--	\$10,000
3	Provost & VPAA	Eliminate funding	Furniture and Fixtures; classroom furniture	--	\$15,000
4	Provost & VPAA	Eliminate CT position	Lay off CT; transfer work to other qualified employees or eliminate work	1.00	\$62,632
5	Provost & VPAA	Reduce Support funding	Reduce travel and other office expenses	--	\$20,000
6	Provost & VPAA	Reduce Contingency funding	Less responsive to emergency needs	--	\$7,000
7	Provost & VPAA	Reduce support funding	Assoc VP – SSE Discretionary; less support for misc. student activities	--	\$2,000
8	Provost & VPAA	Reduce Prof. Dev. Funding	Minimum support for DH professional	--	\$1,500
9	Graduate Studies	Eliminate Grad Dean line	Grad Dean eliminated under BAC; remainder of comp in line	1.00	\$93,826
10	Provost & VPAA	Merit savings	Savings from change in Merit fees	--	\$100,000
11	International Affairs	Reduce support budget - Int. Affairs	Reduce travel to IA meetings	--	\$2,000
12	Institutional Research	Reduce support budget - Inst Research	Reduce office expenses and travel	--	\$2,000
13	Continuing Education	Elim. base budget marketing in CE&SP	Transfer marketing expenses to self-funded areas	--	\$5,000
14	Continuing Education	Reduce personnel support	Transfer portion of Director cost to non-GF accounts	--	\$7,698

Academic Affairs Division (cont.)

Total Low Impact Adjustments: \$896,348 (8.66 FTE)

Line	Department	Type of reduction	Impact	IMPACT	
				FTE	Amount
Total: University				Low Impact Reductions:	\$3,386,480
				FTE:	16.16

College of Arts & Sciences:

15	Dean, Arts & Sciences	Support	Reduces support to department	--	\$28,085
15a	Dean, Arts & Sciences	Administration	Reduce department head stipends and increase teaching by 14 sections	--	--
16	Communication Disorders	Reduce dept admin; ga's; and support	Significant portion related to reduction in scholarship money for GA's, remainder is in support and reduction in departmental administration.	0.25	\$39,000
17	Criminal Justice	Eliminate remain pos budget (Waters)	Some reduction one section in adjunct/overload	0.08	\$9,384
18	Criminal Justice	Reduce CJ Forum budget	Fewer CJ forums will be held	--	\$3,000
19	Dean, Professional Studies	Support budget	Reduction of ability to provide equipment and supplies to departments.	--	\$20,000
20	Education	Replace Science Ed position -- savings (Hrecz)	Inability to staff required MSED courses for Education majors	--	\$5,000
21	Sociology/SW	Replacement savings (O'Haren)	Position savings	--	\$5,000

Academic Affairs Division (cont.)

Total Low Impact Adjustments: \$896,348 (8.66 FTE)

Line	Department	Type of reduction	Impact	IMPACT	
				FTE	Amount
Total: University			Low Impact Reductions:	\$3,386,480	
			FTE:	16.16	

College of Business:

22	Business	Reduction of Administrative Staff	This will result in less support for students with problems or wanting to discuss different disciplines. It will also substantially reduce the interaction of the college with its external stakeholders at a time when students are increasingly asking about placement quality and opportunities to interact with potential employers before making a decision of where to enroll.	1.00	\$26,000
23	Dean, Technology & Appl. Science	Reorganize Dean's Position to Provost and VPAA Office	College to school reorganization	1.00	\$136,374

Academic Affairs Division (cont.)

Total Low Impact Adjustments: \$896,348 (8.66 FTE)

IMPACT	
Low ("L")	
FTE	Amount

Line	Department	Type of reduction	Impact	FTE	Amount
Total: University			Low Impact Reductions:	\$3,386,480	
			FTE:	16.16	

Student Services and Enrollment:

24	Student Activities & Leadership	Eliminate Leadership Banquet	There will not be a leadership banquet. This has been a popular event in the past. The concern is that this will resurface in the spring and that there will be an expectation that the banquet be held.	--	\$6,000
25	Dean of Students	Reduce Welcome Weekend	Welcome Weekend activities will be curtailed. It is anticipated that funds from the SFC could be used to help support this event.	--	\$14,000
26	Dean of Students	Reduce gen. fund support for Assoc. Dean by 55% - supplement it with previously budgeted auxiliary funds		--	\$37,788
27	Dean of Students	Dean of Students – Reduce Honors Program	Some activities will be eliminated from the program and support dollars reduced.	--	\$3,000
28	Disability Student Services	Reduce AP pos. from 12 to 10 month	This will be a reduction in services. It will mean that others in the Dean of Students Office will be required to provide the service in the AP's absence.	0.17	\$9,388
29	JOBSearch	Eliminate CT position	The functions performed by the CT position have changed over the years to the point where this position can be considered for elimination. The functions have become automated to the point where the scheduling of appointments, movement of money across budget lines, etc. will not be impacted to any great degree.	1.00	\$57,693

Academic Affairs Division (cont.)

Total Low Impact Adjustments: \$896,348 (8.66 FTE)

Line	Department	Type of reduction	Impact	IMPACT	
				FTE	Amount
Total: University				Low Impact Reductions: \$3,386,480	
				FTE: 16.16	
30	JOBSearch	Reduce AP from 11 to 10 month	The AP position has a workload that warrants consideration of a reduction during the summer months.	0.08	\$4,600
31	JOBSearch	Reduce Director by 25% and cover difference with grant money		0.25	\$15,000
32	JOBSearch	Reduce support		--	\$1,380
33	Counseling & Consult Services	Reduce CT from 10 month F/T to 10 month 90% time	It will result in the reduction of CT support for the department to a very minimal level.	0.75	\$6,679
34	Counseling & Consult Services	Reduce Director from 12 to 11 month	The department will not be open during periods of the summer months.	0.08	\$4,063

Academic Affairs Division (cont.)

Total Low Impact Adjustments: \$896,348 (8.66 FTE)

				IMPACT	
				Low ("L")	
Line	Department	Type of reduction	Impact	FTE	Amount
Total: University			Low Impact Reductions:	\$3,386,480	
				FTE:	16.16

Academic Information Services:

35	AIS: Dean	Contingency funds:	Reduction from Dean's office and AIS contingency; used to support unit shortfalls, projects, equipment, staff travel, etc.	--	\$12,167
36	AIS: All Depts	Travel:	Reductions from across units for staff professional development	--	\$6,000
37	AIS: Library & IMS	Reduce equipment: Library and IMS	Reduce equipment	--	\$2,000
38	AIS: All Depts	Reduce support budgets	Reduction of operating support budgets across all units	--	\$27,855

Academic Affairs Division (cont.)

Total Low Impact Adjustments: \$896,348 (8.66 FTE)

Line	Department	Type of reduction	Impact	IMPACT	
				FTE	Amount
Total: University				Low Impact Reductions:	\$3,386,480
				FTE:	16.16

Learning Resources:

39	Director, Learning Resources	Reduce travel to state level meetings	Reduce travel to state level meetings	--	\$1,817
40	Engineering	Reduce parts purchase; less timely repair of various equipment	Reduce parts purchase; less timely repair of various equipment	--	\$3,000
41	Dean, College of Business	Reduction of Overhead costs/Adjunct Budget	Eliminate some travel for faculty and students. Reduction in adj/OL funds result in fewer and increase in the average class size in the. Reducing offerings to only once a year may cause students to look to other options to complete their degrees	1.00	\$10,300
42	AIS: Library & Academic Computing	Eliminate Academic Computing position	Impacts server and network support, software testing, computer image development, ACS web development/maintenance, lab and 2nd line HelpDesk support	1.00	\$68,232

TOTAL -- Academic Affairs

8.66

\$896,348

Finance & Administration Division

Total Low Impact Adjustments: \$1,279,364 (5.92 FTE)

IMPACT	
Low ("L")	
FTE	Amount

Line	Department	Type of reduction	Impact	FTE	Amount
Total: University			Low Impact Reductions:	\$3,386,480	
			FTE:	16.16	

Division: Finance and Administration

Finance and Planning/AdIT/Controller's/Financial Services:

43	Fin & Plan/Controller's Office	Eliminate accountant	Combine Finance and Planning and Controller's Offices and reassign duties	1.00	\$52,000
44	Fin & Plan/Controller's Office	Support budget	Finance and Planning and Controller's support and professional services	--	\$21,000
45	Fin & Plan/Controller's	Printing	Move to ACH for all employee reimbursements	--	\$5,000
46	Fin & Plan/Controller's	TLC	Savings from lease charges	--	\$500,000
47	Human Resources	Reduce clerical position	Reduce clerical position: supports payroll and human resource functions	0.25	\$8,328
48	Human Resources	Reduce training budget	Reduce staff development and training budget	--	\$5,000
49	Human Resources	Reduce printing and administrative costs		--	\$1,972
50	AdIT	Eliminate operator (C/T)	Eliminate third shift operator	1.00	\$36,831
51	AdIT	Reduce hardware maintenance	AdIT routers and catalysts	--	\$12,267
52	AdIT	Reduce software maintenance	Mainframe maintenance	--	\$9,097
53	AdIT	Eliminate student long distance service including clerical position	Students would use third party pre-paid calling cards purchased on their own (e.g., Sam's Club, NMU Bookstore). NMU may offer NMU calling card.	1.00	\$73,611

Finance & Administration Division (cont.)

Total Low Impact Adjustments: \$1,279,364 (5.92 FTE)

Line	Department	Type of reduction	Impact	IMPACT	
				FTE	Amount
Total: University				Low Impact Reductions:	\$3,386,480
				FTE:	16.16

Athletics and Recreational Facilities and Services:

54	Recreational Services	Reduce support -- Quad II & rec promotions	Do not implement Quad II operations; reduce recreational promotions	--	\$65,000
55	Recreational Services	Reduce sports club operations	Move to volunteer basis for administering	--	\$6,000
56	Recreational Services	Reduce motor pool charges	Use of personal vehicles to conduct department and university business	--	\$3,500
57	Recreational Services	Reduce programming costs for rec svcs (approx. 26 groups impacted)	Elim budgeted no cost programming for groups whose members are recreation members; affects residence life groups (approx. 26 groups); reduces the value of student rec pass & will result in loss of membership sales	--	\$5,000
58	Recreational Services	Reduce drop-in climbing schedule	Reduces rec opportunities; devalues membership benefits; loss of student employee jobs; reduces ability to generate revenue	--	\$2,500
59	Recreational Services	Reduce Outdoor Rec & Challenge program	Will effect equipment maintenance and repairs; loss of student summer job opportunities; reduction in rental revenues	--	\$3,000

Finance & Administration Division (cont.)

Total Low Impact Adjustments: \$1,279,364 (5.92 FTE)

Line	Department	Type of reduction	Impact	IMPACT	
				FTE	Amount
Total: University				Low Impact Reductions:	\$3,386,480
				FTE:	16.16
60	Intercollegiate Athletics	Eliminate full-time diving coach (net savings)	Replace current full-time diving coach with part-time coach; could impact Title IX; reduces quality of swim program	0.67	\$22,000
61	Intercollegiate Athletics	Reduce coaches travel	Coaches will not be able to attend national conventions or coaching seminars	--	\$8,400
62	Intercollegiate Athletics	Reduce recruiting budgets by 15%	Will impact recruiting of student athletes; could become less competitive with other schools	--	\$12,000
63	Intercollegiate Athletics	Reduce athletic administration budget	Reduces funds for unexpected costs	--	\$2,500
64	Intercollegiate Athletics	Reduce all promotions & adverting	Eliminate all promotions & adverting other than trade advertisements	--	\$5,000
65	Intercollegiate Athletics	Revenue enhance: incr ticket price \$1.00	Could impact attendance	--	\$50,000
66	Intercollegiate Athletics	Eliminate pass for other sports	Criticism by public; could reduce number of season ticket holders	--	\$5,000
67	Intercollegiate Athletics	Increase Wildcat Club contributions	Increase fund raising	--	\$15,000
68	Intercollegiate Athletics	Increase Blue Line Club contributions	Increase fund raising	--	\$5,000

Finance & Administration Division (cont.)

Total Low Impact Adjustments: \$1,279,364 (5.92 FTE)

Line	Department	Type of reduction	Impact	IMPACT	
				FTE	Amount
Total: University				Low Impact Reductions:	\$3,386,480
				FTE:	16.16

Business Services and Facilities:

69	Facilities	Rental income from antenna space		--	\$7,200
70	Plant Operations	Eliminate one (1) Plant Operations position	Delays in meeting work order requests	1.00	\$56,945
71	Central Receiving	Eliminate budget for Warehouse position	Currently vacant	1.00	\$44,000
72	Plant Operations	Close Carey Hall & Lee Hall	Operational savings: Utilities (electrical & water) building supplies, other	--	\$32,300
73	Engineering & Planning/Facilities	Reduce support & equipment	Reduced allocation for supplies	--	\$25,129
74	Plant Operations	Equipment and facilities supplies	Unable to replace equipment on a scheduled basis or as needed	--	\$159,700
75	VP Finance & Administration	Reduce VPFA contingency/support	Reduces flexibility in meeting unforeseen problems	--	\$19,085
TOTAL -- Finance and Administration				5.92	\$1,279,364

President's Division

Total Low Impact Adjustments: \$320,718 (1.58 FTE)

Line	Department	Type of reduction	Impact	IMPACT	
				FTE	Amount
Total: University				Low Impact Reductions:	\$3,386,480
				FTE:	16.16

Alumni Relations and Development:

76	Alumni Relations	Move general expenditures to assoc. dues	Designating portion of endowment investment revenue to operational costs	--	\$14,300
77	Development Fund	Move development expenditures to dev fund	Designating portion of endowment investment revenue to operational costs	--	\$27,689

Communications and Marketing:

78	News Bureau	Student labor and admin expense	Reduce student labor support in processing mass mailings	--	\$4,540
79	Communications	Remaining balance from clerical position	Open position	0.75	\$25,850
80	Marketing	Reduce administrative & marketing support	Limited impact on operations	--	\$6,301

President's Division (cont.)

Total Low Impact Adjustments: \$320,718 (1.58 FTE)

Line	Department	Type of reduction	Impact	IMPACT	
				FTE	Amount
Total: University				Low Impact Reductions:	\$3,386,480
				FTE:	16.16

President's Office:

81	President's Office	Reduce travel costs	Reduces dollars available for travel	--	\$5,300
82	President's Office	Reduce support cost (prog adj account)	No impact on operations -- reduces contingency	--	\$3,676
83	President's Office	Reduce operating reserves	Reduces reserves available for special maintenance and other problems	--	\$180,000
84	Board of Trustees	Reduce meeting costs (travel, supplies, etc)	Reduce meeting costs (travel, supplies, etc)	--	\$5,000

Public Safety and Police Services:

85	Public Safety & Police Services	Elimination of one (1) 10 mo police officer	Shift investigator from day shift to a swing shift (3PM to 11PM) Sunday -- Thursday; Sr Adm staff will pick up other duties	0.83	\$48,062
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TOTAL -- President

1.58

\$320,718

General University

Total Low Impact Adjustments: \$320,718 (1.58 FTE)

					IMPACT	
					Low ("L")	
Line	Department	Type of reduction	Impact	FTE	Amount	
Total: University				Low Impact Reductions:		\$3,386,480
				FTE:		16.16
Division: General University						
86	General University	Enrollment in excess of budget		--	\$515,050	
87	General University	Savings from debt service	Not move forward with Quad II project	--	\$75,000	
88	General University	Severance Incentive Program savings	Base funding for SIP completed through fiscal year 2003	--	\$300,000	
TOTAL -- General University				0.00	\$890,050	
TOTAL -- University				16.16	\$3,386,480	

Budget Option #1

Description	FY04	FY05
	Executive Order	Revised Estimate
Assumptions:		
Appropriation	-6.0%	-5.0%
Enrollment	n/a	+3.0%

Option #1:

Projected Shortfall

After appropriation reductions and projected cost increases

	(\$2,812,552)	(\$5,400,816)
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Budget adjustments

Presidents Council base adjustments (\$3,386,480 over two years)	\$1,835,072	\$1,551,407
BAC 2005 adjustments		\$1,834,548
FY2005 other adjustments		(\$7,659)
Subtotal -- Budget Reductions	\$1,835,072	\$3,378,296

Tuition increase

FY04 percentage increase	5.2%	
FY04 cost to student (mid-year is \$134; full year would be \$268)	\$134.00	
Tuition revenue generated	\$977,480	\$1,058,520
FY05 percentage increase		2.4%
FY05 cost to student		\$120.00
Tuition revenue generated		\$964,000
Subtotal -- Tuition and fee revenue	\$977,480	\$2,022,520

TOTAL -- Base Budget Adjustments	\$2,812,552	\$5,400,816
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BALANCE -- Base Budget	\$0	\$0
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Budget Option #2

Description	FY04	FY05
	Executive Order	Revised Estimate
Assumptions:		
Appropriation	-6.0%	-5.0%
Enrollment	n/a	+3.0%
Projected Shortfall		
After appropriation reductions and projected cost increases	(\$2,812,552)	(\$5,400,816)
Carryover deficit from prior year		(\$415,480)
Subtotal -- Projected Shortfall	(\$2,812,552)	(\$5,816,296)
Budget adjustments		
Presidents Council base adjustments (\$3,386,480 over two years)	\$1,835,072	\$1,551,407
BAC 2005 adjustments		\$1,834,548
FY2005 other adjustments		(\$25,659)
Subtotal -- Budget Reductions	\$1,835,072	\$3,360,296
Tuition increase		
FY04 percentage increase	3.0%	
FY04 cost to student (mid-year is \$77; full year would be \$154)	\$77.00	
Tuition revenue generated	\$562,000	\$608,000
FY05 percentage increase		4.6%
FY05 cost to student		\$235.00
Tuition revenue generated		\$1,848,000
Subtotal -- Tuition and fee revenue	\$562,000	\$2,456,000
TOTAL -- Base Budget Adjustments	\$2,397,072	\$5,816,296
BALANCE -- Base Budget	(\$415,480) *	\$0

* University would need to identify one-time dollars in FY04 budget to balance on a one-time (cash flow) basis

Budget Option #3

Description	FY04	FY05
	Executive Order	Revised Estimate
Assumptions:		
Appropriation	-6.0%	-5.0%
Enrollment	n/a	+3.0%
Projected Shortfall		
After appropriation reductions and projected cost increases	(\$2,812,552)	(\$5,400,816)
Carryover deficit from prior year		(\$977,480)
Subtotal -- Projected Shortfall	(\$2,812,552)	(\$6,378,296)
Budget adjustments		
Presidents Council base adjustments (\$3,386,480 over two years)	\$1,835,072	\$1,551,407
BAC 2005 adjustments		\$1,834,548
FY2005 other adjustments		(\$10,659)
Subtotal -- Budget Reductions	\$1,835,072	\$3,375,296
Tuition increase		
FY04 percentage increase	0.0%	
FY04 cost to student	\$0.00	
Tuition revenue generated	\$0	\$0
FY05 percentage increase		7.7%
FY05 cost to student		\$393.00
Tuition revenue generated		\$3,003,000
Subtotal -- Tuition and fee revenue	\$0	\$3,003,000
TOTAL -- Base Budget Adjustments	\$1,835,072	\$6,378,296
BALANCE -- Base Budget	(\$977,480) *	\$0

* University would need to identify one-time dollars in FY04 budget to balance on a one-time (cash flow) basis

High Impact Budget Adjustments

All Divisions

Total High Impact Adjustments: \$2,267,218 (38.66 FTE)

<i>Division</i>	<i>Amount</i>	<i>FTE</i>
• Academic Affairs	\$2,085,944	36.16
• Finance and Administration	\$164,258	2.00
• President	\$17,016	0.00
• Total	\$2,267,218	38.66

*Summary of
Budget Adjustments*

Next Steps

- *Comments to Gavin Leach (gleach@nmu.edu)*
- *Board of Trustees Meeting – December 11 and 12*