

***R**etreat Session 1.*

1:30 PM, Thursday, February 22, 2007

***D**iscussion of State Financial Situation & Budget Process*

1:30 PM until 5:00PM, Thursday, February 22, 2007

***Additional material to be provided by
Dr. Roberts and D. Haynes***

General Fund Budget Process Timeline

Fiscal Year 2008

- **February 6th:** Governor State of the State
- **February 8th:** Governor Executive Budget to the legislature
- **March 6th :** House Budget Subcommittee Hearing
- **March 13th:** House Full Appropriation Action
- **Late March:** House Floor vote
- **March – June:** Potential Exec. Order cuts
- **March – June:** State revenue enhancement negotiations
- **Mid-April – May:** Senate Budget Subcommittee Hearing
- **Late-April – May:** Senate Appropriations and Floor vote
- **May 3rd – 4th:** Board of Trustee's Meeting – Budget update
- **June – ?:** House/Senate Conference Committee
- **July 19th – 20th:** Board of Trustee's Meeting – Tuition decision?

* ***Final budget may not be available until October/November***

***A**ppropriations/Budget*

1:30 PM until 5:00PM, Thursday, February 22, 2007

Fund Types

- Current funds (Operating)
 - General fund
 - Designated fund
 - Auxiliary fund
 - Expendable restricted fund
- Non-current funds (Non-operating)
 - Student loan fund
 - Endowment fund
 - Plant fund
 - Insurance fund
 - Agency fund

*C*urrent Fund (Operating) Activities

- ***General Fund***

- Academic and instructional programs and their administration – programs primarily supported by appropriation, tuition and fees, indirect cost recoveries, investment income, and incidental revenues of departments.
- Base budget
 - Recurring budget line items such as personnel, supplies, equipment, utilities, debt service, and other related expenditures.
- Designated and carryover budget
 - University funds remaining from the prior fiscal year. These funds include amounts contractually committed (i.e., purchase orders issued, unspent faculty contractual travel funds), general operating reserves, and departmental operating carry-over balances.

- ***Designated Fund***

- Operations that generate revenues for specific purposes that are not restricted by donors, supporting agencies, or patrons – generate revenue to support their ongoing operations but may receive some general fund support and also include departmental equipment reserves.
- Major operations include: intercollegiate athletics, Superior Dome operations, Berry Events Center, recreational services, telephone systems, NMU Foundation support, printing services, etc.

Current Fund (Operating) Activities (continued)

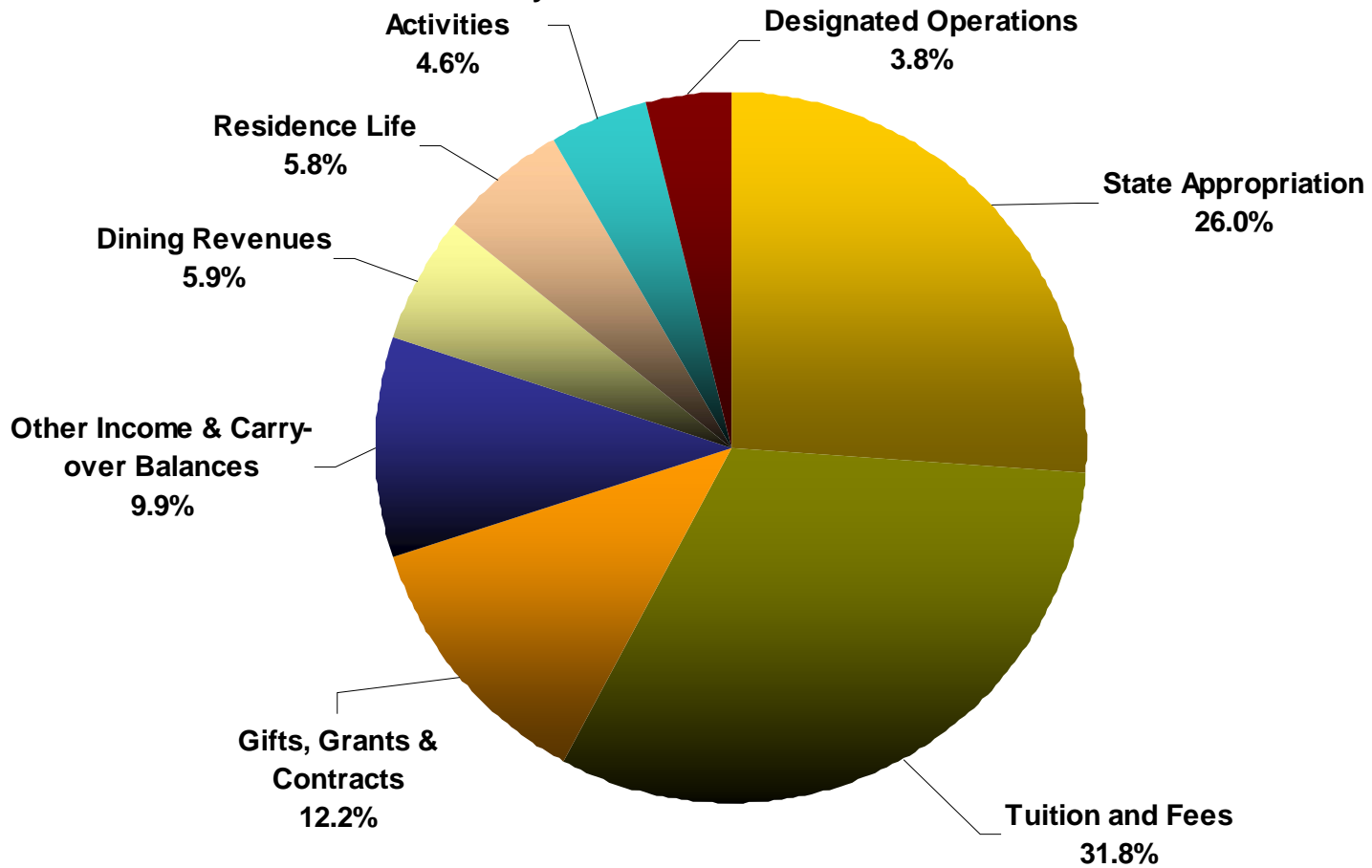
- ***Auxiliary Activities Fund***
 - Activities of revenue-producing, self-supporting activities that perform a service for, but are not themselves educational and general activities, and do not receive state support.
 - Major operations include: Residence Life, Dining Services, Bookstore, University Center operations, and the Health Center.
 - Recurring budget line items such as personnel, supplies, equipment, utilities, debt service, and other related expenditures.
- ***Expendable Restricted Fund***
 - Funds that are restricted for specific purposes stated by the supporting agencies or donors.
 - Primary funding sources include federal financial aid, private scholarships, and federal, state, and local grants.

Non-current Fund Activities

- ***Student Loan Fund***
 - Maintained to account for loans to students of the institution.
- ***Endowment Fund***
 - Maintained to account for money or investments received for endowments where donor has specified that the principal may not be expended, term endowments (donor specified period to hold principal), and funds functioning as endowment (donor did not require funds be held in perpetuity, but governing board has decided to treat as endowment).
- ***Plant Fund***
 - Funds held to account for: the acquisition of physical properties to be used for institutional purposes, renewal and replacement of institutional properties, retirement of indebtedness of institutional properties, and funds expended and invested in institutional plant properties.
- ***Insurance Fund***
 - Funds held to account for institution's employee insurance and institutional physical plant and liability insurance programs.
- ***Agency Fund***
 - Funds received by the institution to be held or disbursed only on the instruction or behalf of the person or organization from whom they are received – custodial funds (i.e., amounts withheld for taxes, social security, insurance, etc.).

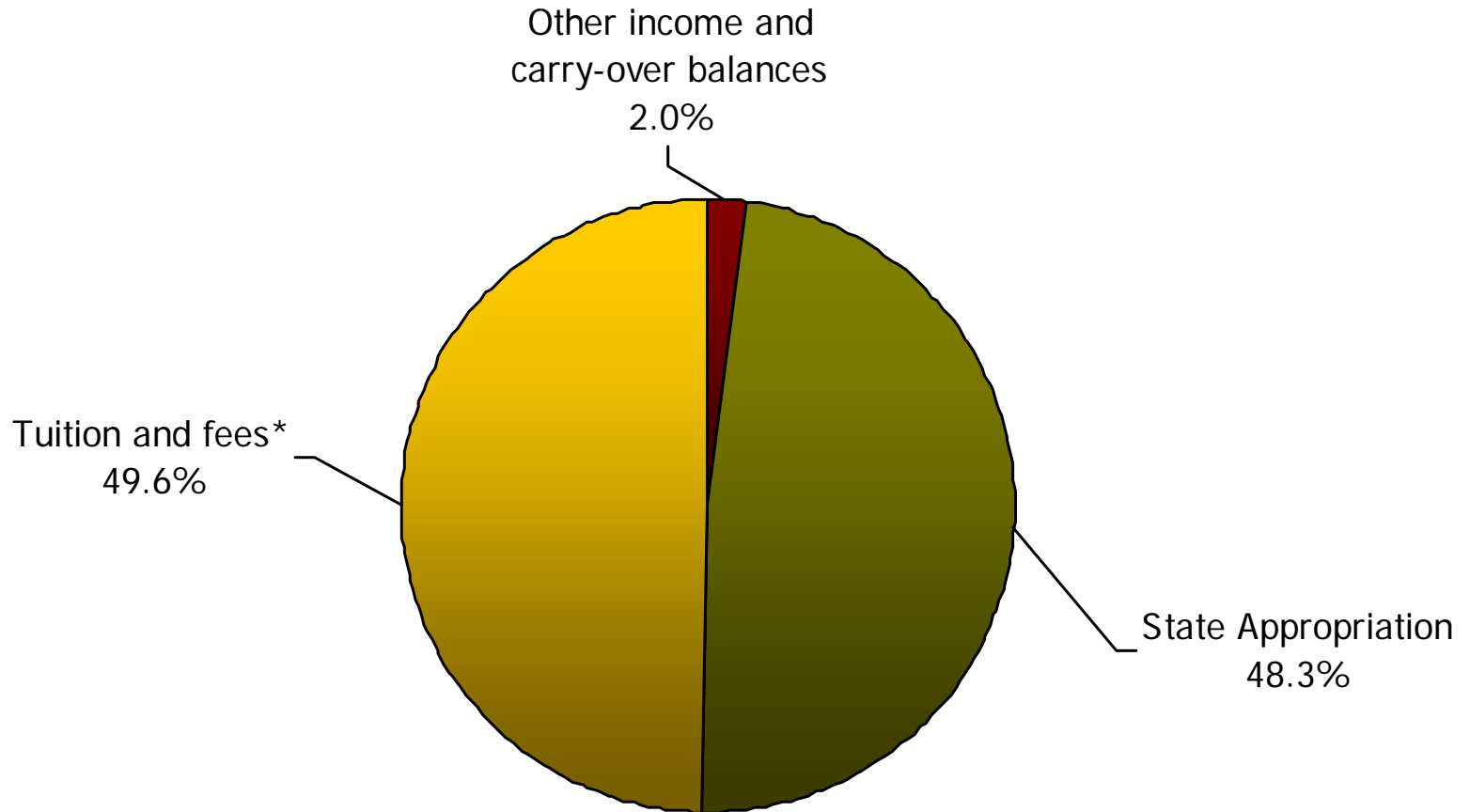
Total Resources Operating Budget

Total = \$178.3 million



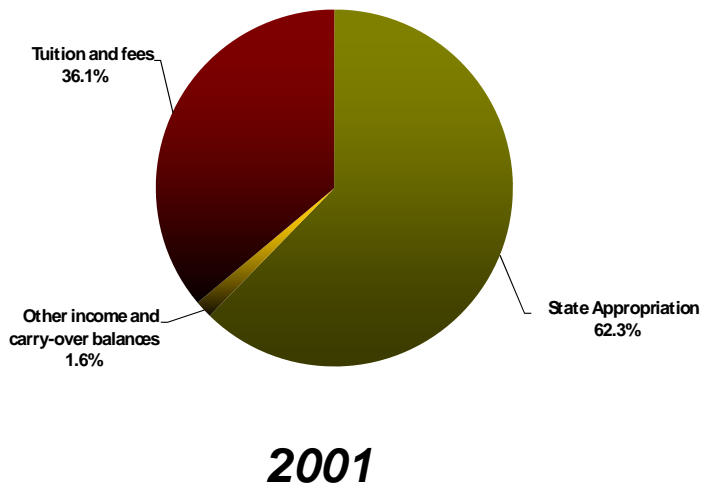
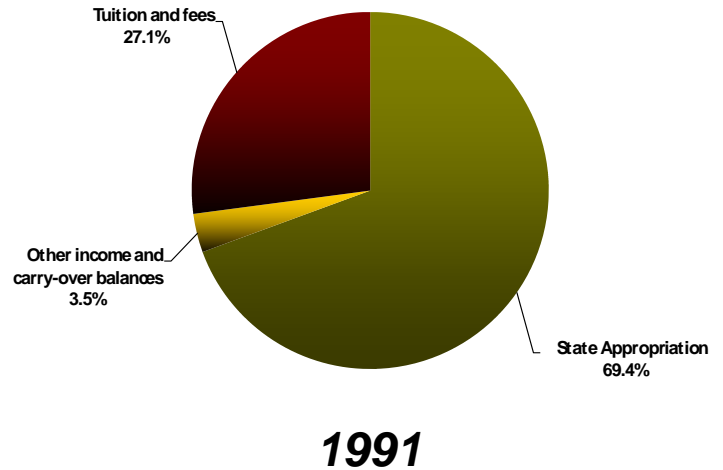
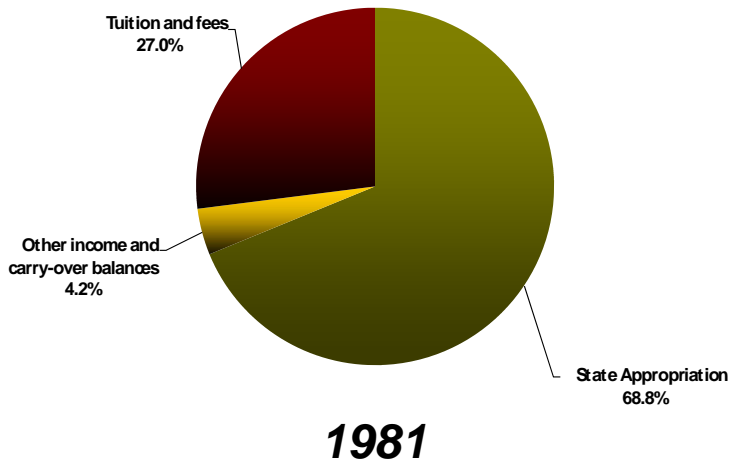
***T**otal General Fund Resources Budget*

Total = \$96.0 million

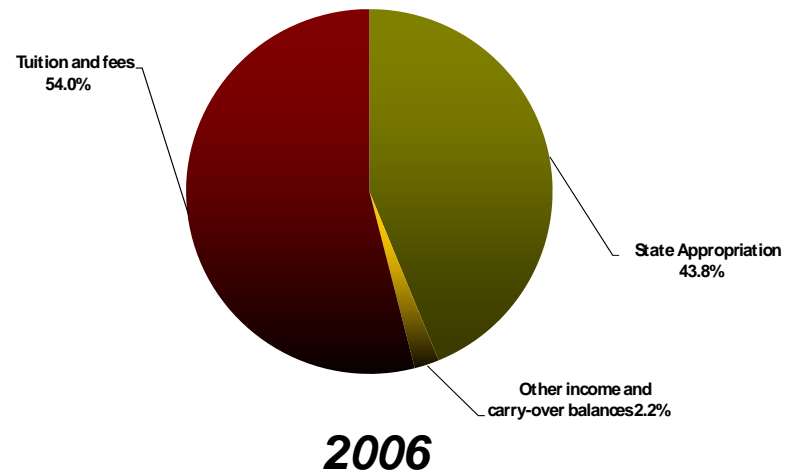


***This graph displays total resources net of Scholarships costs.*

Total General Fund Resources



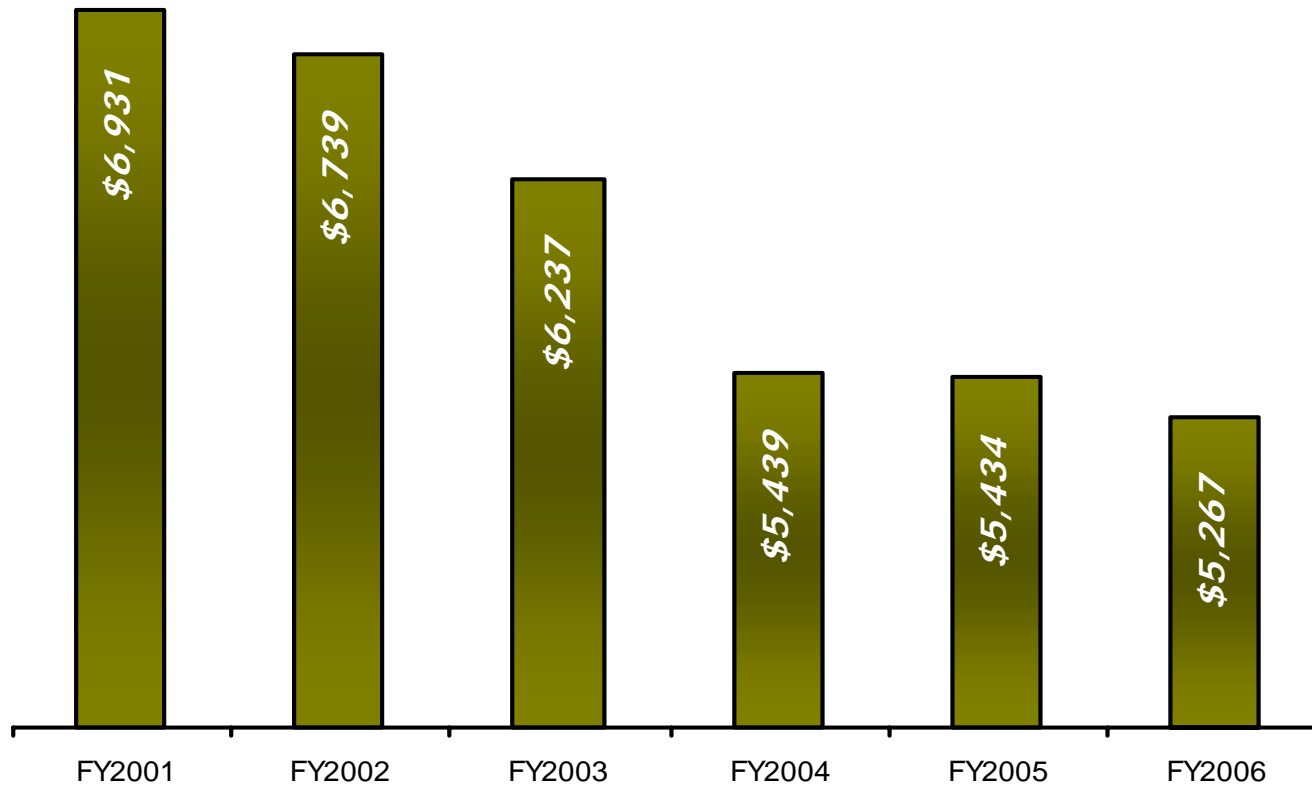
To maintain financial reporting consistency with fiscal years '81, '91, and '01 data, financial aid was not deducted from '06 tuition and fee revenue.



Fiscal Year Equated Student (FYES)

- Calculation:
 - Total undergraduate credit hours divided by 30 equals 1 FYES
 - Total graduate credit hours divided by 24 equals 1 FYES
 - NMU Total FYES for FY2006 = 8,557
 - Fall 2005 Headcount (FY2006) = 9,500
 - Fall 2006 Headcount (FY2007) = 9,689

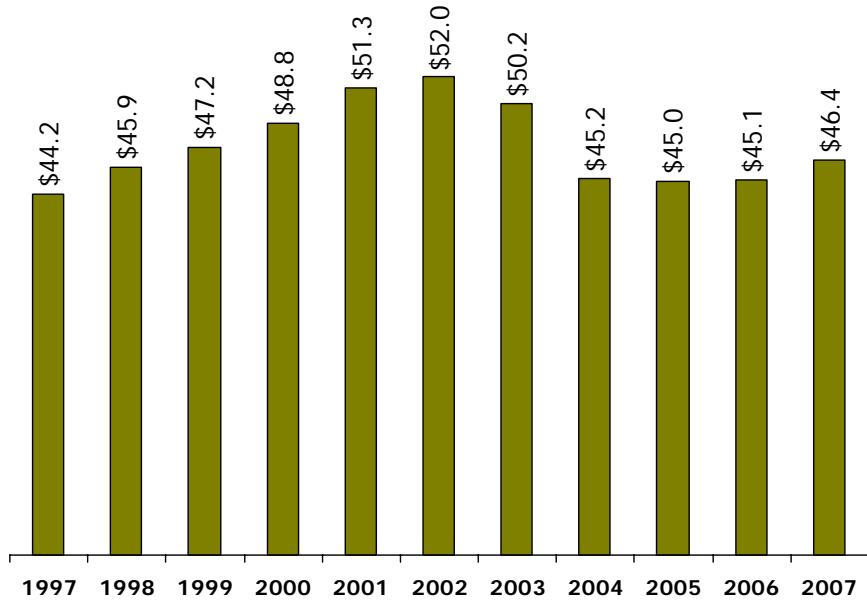
Appropriation per FYES



Appropriation

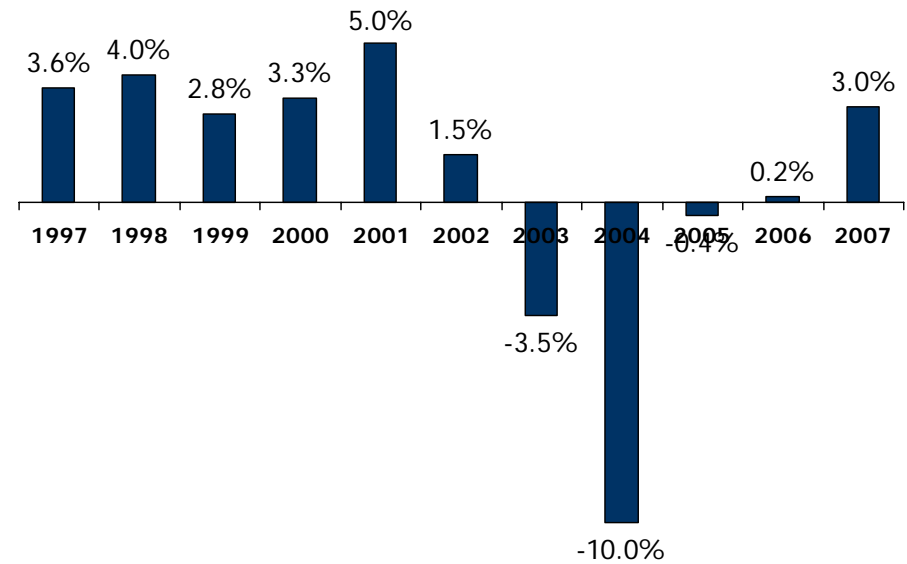
Appropriation History

(shown in 000,000's)



* FY2003 appropriation after both Executive Orders and the State Supplemental

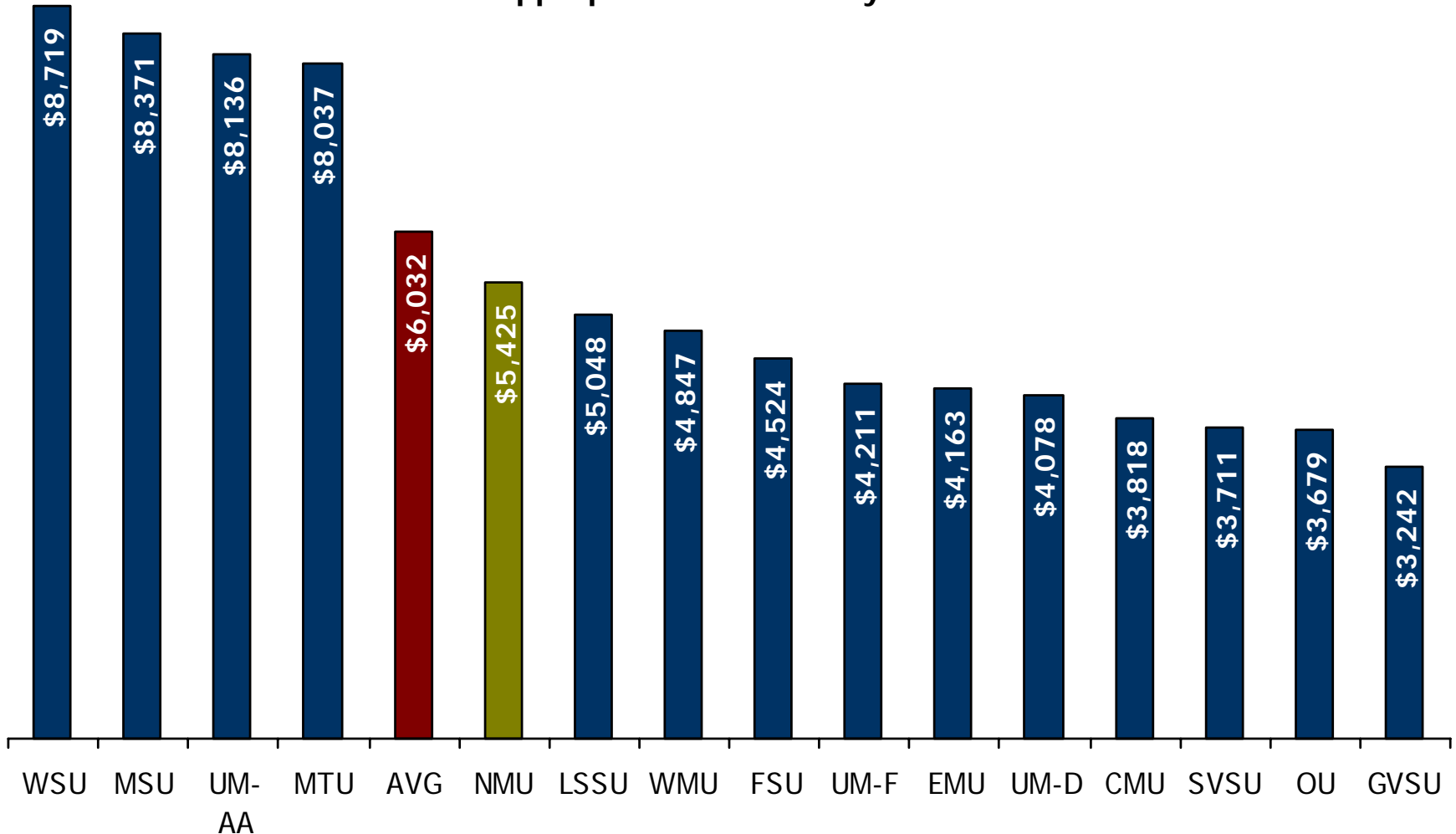
Percentage Change in Appropriation



Appropriation per FYES

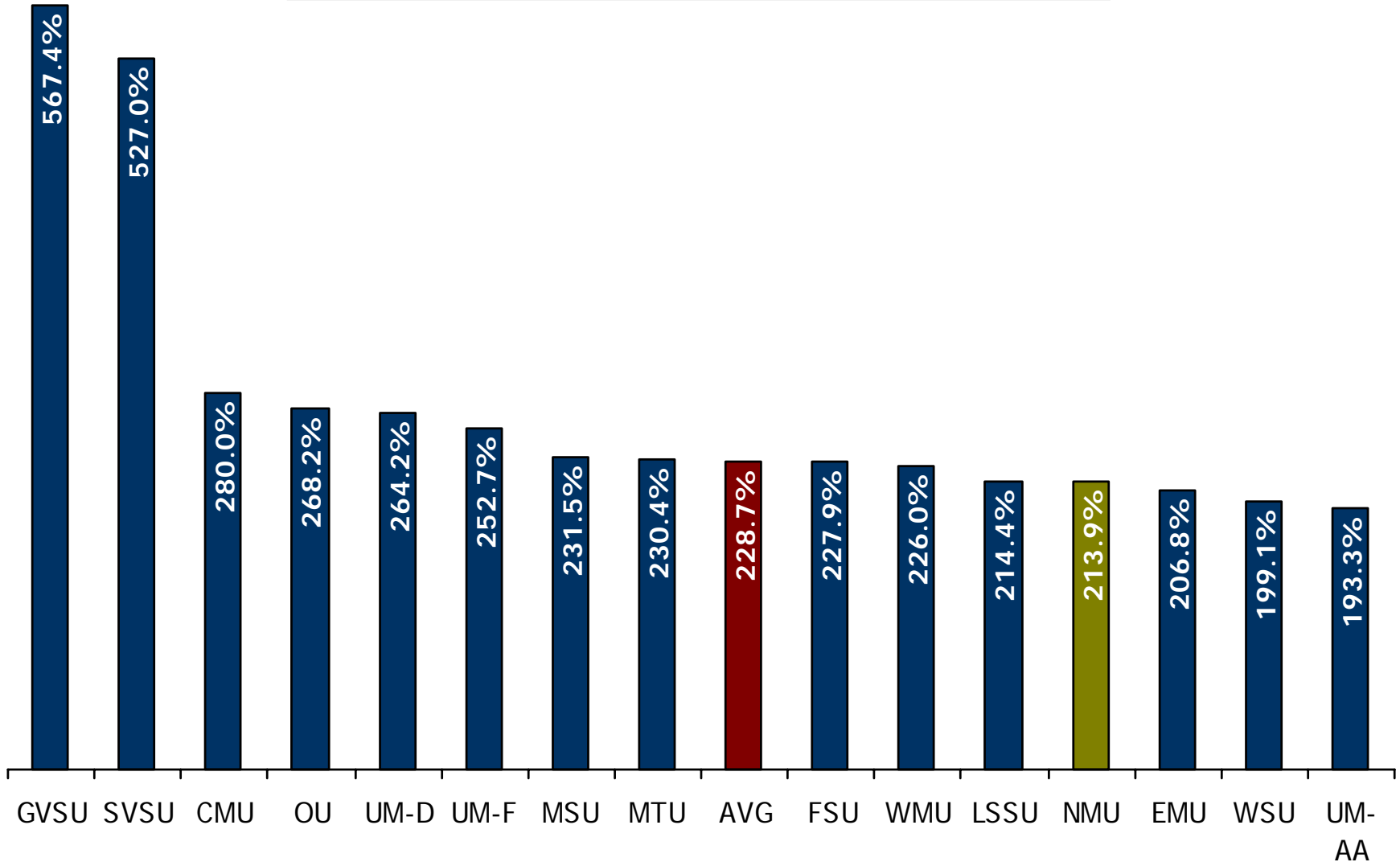
Fiscal Year 2006-2007

FY2007 Appropriation divided by FY2006 FYES



Source: State of Michigan HEIDI Database

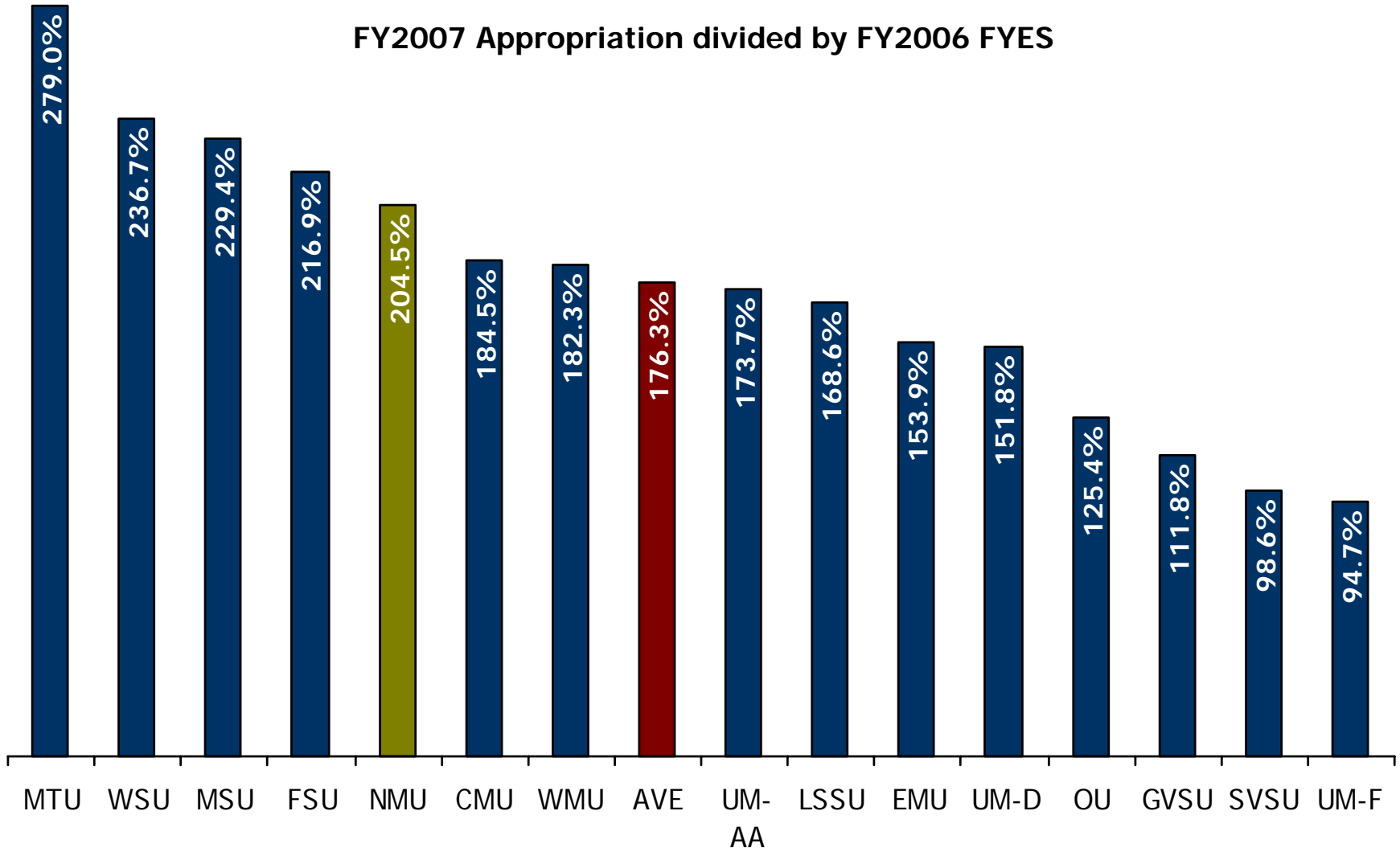
Percentage increase in Total Appropriation Fiscal Years 1977 to 2007



Source: State of Michigan HEIDI Database

Percentage increase in Appropriation per FYES Fiscal Years 1977 to 2007

FY2007 Appropriation divided by FY2006 FYES

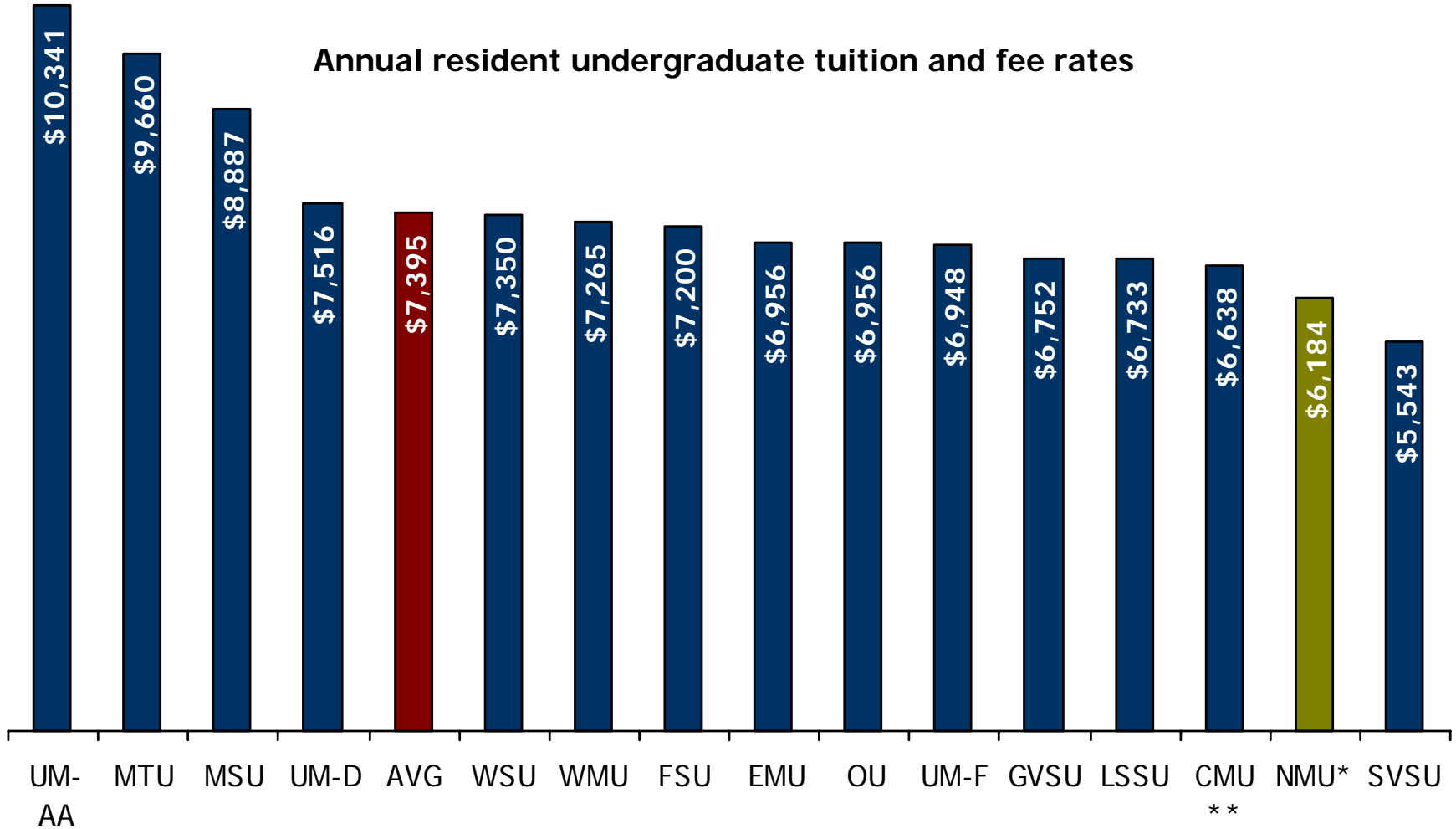


Source: State of Michigan HEIDI Database

Tuition and Fee Rates

Fiscal Year 2006-2007

Annual resident undergraduate tuition and fee rates



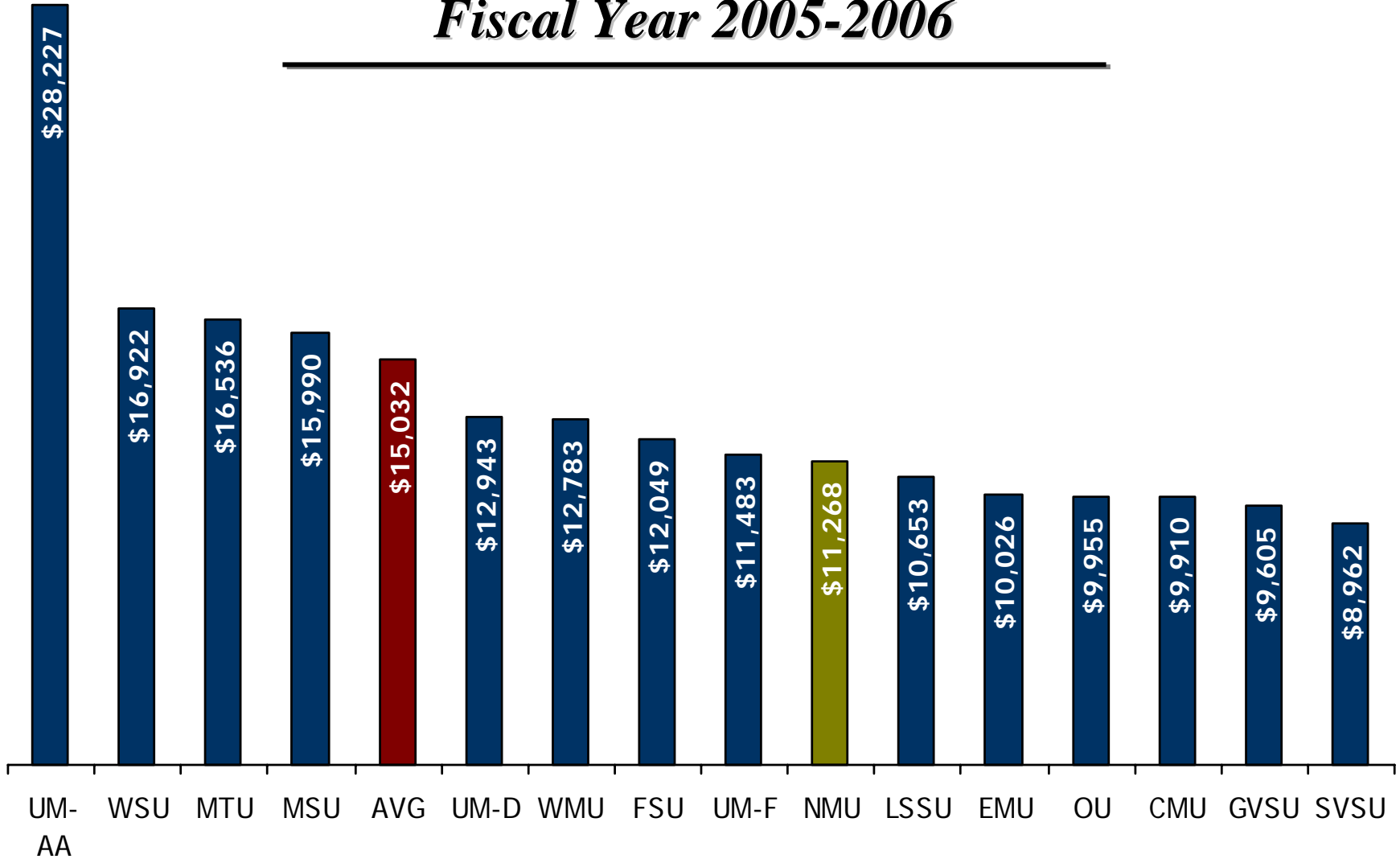
* NMU includes portion of Freshmen Student Athletic Fee

** CMU Freshmen rate is \$7,530

Total Costs per FYES

(does not include scholarship)

Fiscal Year 2005-2006



* NMU includes TLC costs

STATE COMPARISON OF NMU vs. M11 UNIVERSITIES

Revenues and Expenditures per FYES Fiscal Year 2005-2006

	<i>Rank **</i>	<i>NMU</i>	<i>M11* Avg</i>	<i>Difference</i>	<i>Equivalent Difference</i>
RESOURCES					
State appropriation	2	\$5,267.3	\$4,094.9	\$1,172.4	\$10,032,610
Tuition and fees	10	6,493.0	7,199.6	-706.6	-6,046,696
Less: Financial aid	4	-1,045.1	-897.8	-147.3	-1,260,305
Subtotal--Net Tuition and fees	10	\$5,447.9	\$6,301.8	-\$853.9	-\$7,307,001
Investment income	4	99.6	55.7	43.9	375,491
Indirect cost recovery	7	45.2	105.6	-60.4	-516,424
Federal funds	6	0.0	3.2	-3.2	-27,382
Other income	9	124.2	255.2	-131.0	-1,120,565
Total	6	\$10,984.3	\$10,816.4	\$167.9	\$1,436,728
EXPENDITURES					
Instruction	10	\$4,261.4	\$5,078.0	-\$816.6	-\$6,988,021
Research	10	26.6	150.4	-\$123.8	-1,059,394
Academic support	4	1,766.1	1,392.7	\$373.4	3,194,860
Subtotal--Academic programs	8	\$6,054.0	\$6,621.1	-\$567.1	-\$4,852,555
Public Service	7	47.5	116.5	-\$69.0	-590,759
Student Services	4	796.0	637.1	\$158.9	1,359,580
Institutional support	11	1,116.9	1,289.4	-\$172.5	-1,475,967
Plant operations	5	1,497.6	1,189.2	\$308.4	2,639,056
Auxiliary enterprises	2	243.1	173.7	\$69.4	593,947
Transfers	1	1,512.5	731.2	\$781.3	6,685,825
Total Expenditures	6	\$11,267.6	\$10,758.2	\$509.4	\$4,359,127

* M11 Universities: CMU, EMU, FSU, GVSU, LSSU, MTU, OU, SVSU, UM-D, UM-F, and WMU.

** Rank 1 = highest amount; Rank 12 = lowest amount; if NMU high or low, then this includes the next highest or lowest.

*F*acilities

- Physical Plant Overview
 - 61 Buildings
 - 3.47 million square feet
 - 684 acres
 - 358 acres on main campus
 - 120 acres – Longyear Forest
 - 206 acres – near Mount Marquette
 - 3.63 miles of roadway
 - 13.95 miles of sidewalk

***S** Student Budget Costs for Financial Aid*

Fiscal Year 2006-2007

	<i>Undergraduate</i>	
	<i>Resident</i>	<i>Nonresident</i>
• Tuition and Fees	\$ 6,141	\$10,082
• Room and Board	\$ 6,807	\$ 6,807
• Loan Origination fees	\$ 110	\$ 110
• Books	\$ 645	\$ 645
• Personal and Travel	<u>\$ 1,764</u>	<u>\$ 1,764</u>
TOTAL	\$15,467	\$19,408