

1996

1997-98, Eastern Michigan University, Budget request (executive summary)

Eastern Michigan University



1997-98
EASTERN MICHIGAN UNIVERSITY



Budget Request

EASTERN MICHIGAN UNIVERSITY

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1997-98

Executive Summary

Budget Request
Submitted to the State of Michigan
Department of Management
November 1996



EASTERN MICHIGAN UNIVERSITY
OFFICE OF THE PRESIDENT

December 12, 1996

Mr. Mark A. Murray
Director
Department of Management & Budget
P.O. Box 30026
Lansing, Michigan 48909

Dear Mr. Murray:

On behalf of the Board of Regents and the administration of Eastern Michigan University, I am submitting the enclosed summary of the 1997-98 budget requirements of the University. This identifies the primary fiscal needs as requested in your budget letter dated October 11, 1996.

The operating fiscal needs for 1997-98 aggregate into a planned expenditure of \$142.5 million, 4.36 percent over the current year budget. To fund this will require a commensurate increase in state appropriation and tuition revenue. Keeping tuition rate increases at or below the increase in the CPI is a targeted objective. Last year, we pledged to keep the tuition increase below the CPI increase regardless of the increase awarded in state appropriation. That was possible because wage and salary contracts were up for renewal. Tuition rates were increased 2.7 percent. This year's wage and salary contracts have already been negotiated, thereby establishing revenue needs.

The administration endorses the concept of the funding floors which have played a key role in the appropriations process of the past two years with some reservations. Based upon current data, the funding floors established in the FY 97 appropriations act have been achieved to a large extent. The available FY 98 funds should be allocated to

Mr. Mark A. Murray
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increase these floors. Consideration should also be given to a common floor for undergraduate instruction regardless of the institutional classification. The cost of an undergraduate history course should be comparable at all public universities.

I look forward to continuing our discussions on fiscal needs during this appropriations process.

Cordially,

William E. Shelton
President

WES/smk
Enclosure

**Eastern Michigan University
1997-98 Budget Request**

Executive Summary

Appropriation Request

The Board of Regents and the administration of Eastern Michigan University request an FY98 appropriation of \$76,854,665, an increase of \$3.56 million, or 5.00 percent over the FY97 appropriation.

This request is based upon the total planned expenditure of \$142,456,070, an increase of \$5.95 million or 4.36 percent over the 1996-97 budget authorization as approved by the Board of Regents on June 18, 1996. The planned increase in expenditures includes:

Base Adjustments	\$ 261,479
Compensation Adjustments	3,730,256
Program Adjustments	516,350
Other	<u>1,447,505</u>
	\$5,955,590

In submitting this request it is the intent of the Board of Regents to constrain FY98 tuition increases to a level less than the projected increase in the Consumer Price Index.

A Financial Summary outlining the planned revenues and expenditures is shown in Exhibit #1.

Planned Expenditures

Base Adjustments

Base adjustments totaling \$261,479 are required to annualize compensation adjustments for faculty and staff that were negotiated after the 1996-97 budget was approved. This amounts to one-quarter of one percent of the compensation base.

Compensation Adjustments

The budgeted compensation of faculty, staff, and students for 1996-97 amounts to \$105,671,989 including:

Faculty/Staff Salaries	\$ 77,882,871
Student Wages	4,456,729
Fringe Benefits	<u>23,332,389</u>
Total Base Compensation	\$105,671,989

The employment of faculty and staff in 1997-98 will be maintained at no more than the currently authorized levels.

A total of \$3,730,256 is requested for contractual compensation increases, or 3.53 percent of the base. With the exception of the clerical/secretarial and professional/technical staff, all contracts with faculty and staff have been negotiated for 1997-98.

The four-year contract with the American Association of University Professors includes an across-the-board increase of 3.0 percent plus a 1.0 percent merit pool for returning faculty. A major factor in negotiating this contract which required mediation was the comparison of current faculty salaries at EMU with those of the ten Mid-America Conference universities to which attention has been directed in previous appropriation requests. For the most recent year for which comparative data is available the average EMU salary for professors and associates ranks tenth. A year-ago the ranking was ninth.

1995-96 Faculty Salaries

	Average EMU Salary	Average MAC Salary	EMU Rank	1995-96 Index	1994-95 Index
Professor	\$59,010	\$62,902	10	0.938	0.934
Associate	46,281	48,624	10	0.952	0.951
Assistant	39,775	40,312	9	0.987	1.011
Instructor	36,743	33,129	3	1.109	1.294

The underlying objective of the four-year contract approved in September, 1996 is to make a good-faith effort to move EMU faculty salaries to the MAC averages over the life of the contract. This, of course, depends upon the future actions of the MAC institutions.

It has been the practice to hold salary increases for the non-bargained-for administrative/professional staff consistent with the increase negotiated with the AAUP.

Program Adjustments

Three program adjustments are included in the budget plan at this time. These are actions that have already been approved by the Board of Regents.

The Masters in Social Work program is being expanded to accommodate the greatly expanded demand for this program at an incremental cost of \$61,600 for the second year. The first year's cost was funded by internal reallocation.

The final year of a library acquisitions expansion plan will cost an additional \$200,000 increasing the total acquisition budget to \$2.0 million per year.

The Board of Regents approved an increase in the general fund scholarships and grants-in-aid budget allocation for 1997-98 which is currently being awarded during this recruiting cycle.. The total general fund budget for scholarships and aid amounts to \$7.60 million. The increase is \$254,750 or approximately 3.5 percent over the prior year..

Other Adjustments

Two other significant adjustments must be addressed in 1997-98; the opening of the new library facility and the operating support to all programs.

The new library facility is scheduled to come on-line in January 1998. This facility will increase the gross square footage supported by the general fund by 11.5 percent, an additional 274,000 square feet. One-half year support of operations is required at a cost of \$227,252. Furthermore, the additional utility expense will be incurred during the full year. The increased usage plus rate increases are expected to cost \$568,612. This is consistent with the estimates included in the design plan.

Secondly, the non-compensation operating support for all programs has not been increased for two years. A two percent increase to these budgets is being planned for 1997-98 at a cost of \$515,265.

Program Revision Requests

As noted in the Budget Letter, program revision requests have not been recognized in the appropriation process during the past several years by either the Department of Management and Budget or the Legislature. Consequently, formal requests are not being submitted. However, two new initiatives are noted, namely the Textiles Institute and the Institute for Diversity in Business Services both of which are being partially supported through the Research Excellence program in the current year.

The Textiles Institute will focus upon textiles research, developmental testing, and the use of advanced, practical computer technologies in textile design. This institute will address the needs of the automobile industry and other Michigan-based industries including Computer Design Inc. of Grand Rapids and Johnson Controls of Plymouth.

The Institute for Diversity in Business Services provides education, training, consulting, internships and research programs to businesses owned by diverse communities in southeastern Michigan. The Institute has developed partnerships and/or associations with several business service organizations such as New Detroit, Inc., the Michigan Minority Business Development Council, and others.

Campus Technology

In July 1994, the Board of Regents approved the conversion of several fees into a general fee and expanded the scope to include a technology component. Consequently, the learning technologies base has been expanded by approximately \$1.5 million per year. In addition to the expansion of student facilities, a major portion of this investment will be in the new library facility.

In June 1996, the Board of Regents approved the allocation of the FY96 supplemental appropriation of \$1.0 million to seven projects that will enhance the performance and outcomes of the University. A major project is the Campus Connectivity Project that will provide Internet access to all regular faculty. The total cost of this project is \$576,000.

It is only through these supplemental funds that these improvement have been made possible.

Doctoral Program

During the past year, the North Central Association granted unconditional approval of Eastern's first doctoral program. During the year, four doctorates were awarded. With current enrollments, this will continue to grow.

Enrollments

As reported in October 1995, planned enrollments for 1995-96 amounted to 23,411 students in the fall 1995 accounting for 519,362 student credit hours. Actual enrollments amounted to 23,511 students and 519,308 credit hours.

Planned enrollments in 1996-97 amount to 23,052 students in the fall 1996 and 515,189 student credit hours. Fall semester enrollments currently substantiate this plan.

The enrollment planning is based upon a comprehensive five year plan. This appropriation request is based upon the planned enrollment of 23,645 students in the fall 1997 and 522,254 student credit hours.

Enrollments are summarized in Exhibit #2, Student Enrollment By Class Level, Fall Semester, Exhibit #3, Student Credit Hours By Class Level, and Exhibit #4, Fiscal Year Equated Student.

Planned Revenues

The General Fund budget will continue to be supported primarily by the state appropriation and tuition. This combination has ranged between 96 percent and 97 percent of the total revenue budget.

Tuition

For 1996-97, the Board of Regents approved a tuition increase of 2.7 percent. The intent to hold the tuition increase to less than the increase in the Consumer Price Index regardless of the appropriation increase was noted in the FY97 appropriation request as well as at the House and Senate appropriation hearings.

It is the intent of the Board of Regents and the administration to hold tuition and fee increases to no more than the projected CPI increase. Assuming current rates of increase, that imposes a limit of 3.0 percent which is the basis for the pro forma budget and this request.

The projected tuition revenues are based upon the planned enrollments and the current tuition and fee rates incremented by 3.0 percent.

This restraint on tuition can only be achieved if adequate state appropriation is made available.

State Appropriation

The pro forma budget for 1997-98 amounts to \$142.46 million, an increase of 4.36 percent. To fund this increase while holding the tuition increase to no more than 3.0 percent will require an appropriation increase of 5.0 percent.

State Appropriation	\$ 76,854,665	53.93%
Tuition and Fee	61,054,000	42.84
Other Revenues	<u>4,603,636</u>	<u>3.23</u>
	\$142,512,301	100.00%

Funding Floors

Based upon the FY97 appropriations and the FY96 enrollments, the funding floors established in the FY97 appropriations act have largely been achieved for all three levels of institutions. As such, there should be greater parity in the appropriation increases for FY98.

EASTERN MICHIGAN UNIVERSITY
1997-98 BUDGET REQUEST
FINANCIAL SUMMARY

<u>Revenue/Funding</u>	<u>1995-96 Report</u>	<u>1996-97 Budget</u>	<u>1997-98 Plan</u>
State Appropriation	\$70,967,732	\$73,194,919	\$76,854,665
Tuition & Fees	57,501,146	58,736,026	61,054,000
Federal Funds	163,600	175,000	175,000
Investment Income	958,578	710,000	710,000
Indirect Cost Recovery	297,926	551,000	551,000
Departmental Revenue	<u>4,272,643</u>	<u>3,160,636</u>	<u>3,167,636</u>
TOTAL REVENUE -	\$134,161,625	\$136,527,581	\$142,512,301

EXPENDITURES & TRANSFERS:

Faculty/Staff Salaries & Wages	\$74,113,674	\$77,882,871	\$81,051,033
Fringe Benefits	22,910,807	23,332,389	24,249,436
Student Wages	<u>4,642,036</u>	<u>4,456,729</u>	<u>4,744,229</u>
TOTAL COMPENSATION -	\$101,666,517	\$105,671,989	\$110,044,698
Services, Supplies & Materials	26,306,474	27,961,046	29,178,738
Equipment	<u>3,738,688</u>	<u>2,867,445</u>	<u>3,232,634</u>
TOTAL BASE EXPENDITURES -	\$131,711,679	\$136,500,480	\$142,456,070

PROGRAM REVISION REQUESTS:

Textile Institute			380,000
Institute for Diversity in Business Services			<u>413,140</u>
TOTAL NEW AUTHORIZATION -			\$143,249,210

**EASTERN MICHIGAN UNIVERSITY
1997-98 APPROPRIATION REQUEST
STUDENT ENROLLMENT BY CLASS LEVEL*
FALL SEMESTER**

	<u>Official Record</u>								<u>Planned</u>	
	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Freshmen	4,346	4,349	4,330	3,956	3,790	3,871	3,668	4,962	4,370	3,948
Sophomore	4,406	4,453	4,789	4,478	4,476	4,096	3,867	3,378	4,458	4,049
Junior	4,012	4,191	4,402	4,569	4,580	4,481	4,101	3,460	3,444	4,023
Senior	<u>7,842</u>	<u>7,674</u>	<u>5,831</u>	<u>6,267</u>	<u>6,583</u>	<u>6,968</u>	<u>6,766</u>	<u>6,390</u>	<u>5,692</u>	<u>6,121</u>
Total Undergrad	20,606	20,667	19,352	19,270	19,429	19,416	18,402	18,190	17,964	18,141
Graduate I	4,130	4,180	6,511	6,604	6,336	5,659	5,289	5,263	5,038	5,454
Graduate II	<u>29</u>	<u>39</u>	<u>37</u>	<u>37</u>	<u>30</u>	<u>51</u>	<u>46</u>	<u>58</u>	<u>50</u>	<u>50</u>
Total Graduate	4,159	4,219	6,548	6,641	6,366	5,710	5,335	5,321	5,088	5,504
Total --	24,765	24,886	25,900	25,911	25,795	25,126	23,737	23,511	23,052	23,645
% Increase	3.3%	0.5%	4.1%	0.1%	-0.5%	-2.6%	-5.5%	-0.90%	-1.9%	2.6%



* Class levels are as defined in the Budget Request General Guidelines and Instructions in accordance with state definitions. Guest and non-matriculated students enrolled for credit are included at the freshman class level. Post-baccalaureate students enrolled in non-degree or 2nd bachelors programs are included at the senior class level through 1989-90. Currently 2nd baccalaureate students are reported as seniors; post-baccalaureate students enrolled as graduate non-degree seeking students are reported as Graduate I. Enrollments generated via correspondence courses are excluded.

The undergraduate enrollment counts within class level for 1995-96 are misrepresented owing to a conversion of student data systems. The freshmen class level is over-represented with corresponding under-representation at the remaining undergraduate class levels. This may be attributed to a process lag in updating transfer credit hours to student records created in the implementation of the new student data system. The misrepresentation is restricted to the 1995-96 fiscal year; class level counts in 1996-97 are appropriately represented.

**EASTERN MICHIGAN UNIVERSITY
1997-98 APPROPRIATION REQUEST
STUDENT CREDIT HOURS BY CLASS LEVEL***

	<u>Official Record</u>								<u>Planned</u>	
	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>
Freshmen	99,521	100,711	95,082	88,984	85,238	86,876	85,878	98,201	95,237	88,428
Sophomore	104,542	108,029	114,195	104,970	104,809	95,498	87,843	83,823	103,617	93,878
Junior	100,518	108,789	113,534	118,286	114,321	111,763	94,496	92,727	92,531	101,304
Senior	<u>169,766</u>	<u>175,649</u>	<u>159,454</u>	<u>168,251</u>	<u>176,451</u>	<u>183,473</u>	<u>182,923</u>	<u>172,229</u>	<u>153,933</u>	<u>164,754</u>
Total Undergrad	474,347	493,178	482,265	480,491	480,819	477,610	451,140	446,980	445,318	448,364
Graduate I	55,059	53,170	88,389	86,953	82,509	75,589	69,549	71,655	69,416	73,435
Graduate II	<u>480</u>	<u>434</u>	<u>518</u>	<u>462</u>	<u>403</u>	<u>529</u>	<u>430</u>	<u>673</u>	<u>455</u>	<u>455</u>
Total Graduate	55,539	53,604	88,907	87,415	82,912	76,118	69,979	72,328	69,871	73,890
Total —	529,886	546,782	571,172	567,906	563,731	553,728	521,119	519,308	515,189	522,254



* Class levels are as defined in the Budget Request General Guidelines and instructions in accordance with state definitions. Guest and non-matriculated students enrolled for credit are included at the freshman class level. Post-baccalaureate students enrolled in non-degree or 2nd bachelors programs are included at the senior class level through 1989-90. Currently 2nd baccalaureate students are reported as seniors; post-baccalaureate students enrolled as graduate non-degree seeking students are reported as Graduate I. Enrollments generated via correspondence courses are excluded.

The undergraduate enrollment counts within class level for 1995-96 are misrepresented owing to a conversion of student data systems. The freshmen class level is over-represented with corresponding under-representation at the remaining undergraduate class levels. This may be attributed to a process lag in updating transfer credit hours to student records created in the implementation of the new student data system. The misrepresentation is restricted to the 1995-96 fiscal year; class level counts in 1996-97 are appropriately represented.

**EASTERN MICHIGAN UNIVERSITY
1997-98 APPROPRIATION REQUEST
FULL-YEAR EQUATED STUDENTS***

	Official Record								Planned	
	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>
Freshmen	3,210	3,249	3,067	2,870	2,750	2,802	2,770	3,168	3,072	2,853
Sophomore	3,372	3,485	3,684	3,386	3,381	3,081	2,834	2,704	3,342	3,028
Junior	3,243	3,509	3,662	3,816	3,688	3,605	3,048	2,991	2,985	3,268
Senior	<u>5,476</u>	<u>5,666</u>	<u>5,144</u>	<u>5,427</u>	<u>5,692</u>	<u>5,918</u>	<u>5,901</u>	<u>5,556</u>	<u>4,966</u>	<u>5,315</u>
Total Undergrad	15,301	15,909	15,557	15,499	15,511	15,406	14,553	14,419	14,365	14,464
Graduate I	2,294	2,215	3,683	3,623	3,438	3,150	2,898	2,986	2,883	3,060
Graduate II	<u>30</u>	<u>27</u>	<u>32</u>	<u>29</u>	<u>25</u>	<u>33</u>	<u>27</u>	<u>42</u>	<u>28</u>	<u>28</u>
Total Graduate	2,324	2,242	3,715	3,652	3,463	3,183	2,925	3,028	2,911	3,088
Total --	17,625	18,151	19,272	19,151	18,974	18,589	17,478	17,447	17,276	17,552
% Increase	3.9%	3.0%	6.2%	0.6%	-0.9%	-2.0%	-6.0%	-0.2%	-1.0%	1.6%



* Class levels are as defined in the Budget Request General Guidelines and Instructions in accordance with state definitions. Guest and non-matriculated students enrolled for credit are included at the freshman class level. Post-baccalaureate students enrolled in non-degree or 2nd bachelors programs are included at the senior class level through 1989-90. Currently 2nd baccalaureate students are reported as seniors; post-baccalaureate students enrolled as graduate non-degree seeking students are reported as Graduate I. Enrollments generated via correspondence courses are excluded.

The undergraduate enrollment counts within class level for 1995-96 are misrepresented owing to a conversion of student data systems. The freshmen class level is over-represented with corresponding under-representation at the remaining undergraduate class levels. This may be attributed to a process lag in updating transfer credit hours to student records created in the implementation of the new student data system. The misrepresentation is restricted to the 1995-96 fiscal year; class level counts in 1996-97 are appropriately represented.