Dollars and Sense: 
How State and Local Governments in Michigan Spend Your Money


Presented by
Governor Rick Snyder
FIGURE 1. Where Your Money Goes, FY 2010

Michigan Citizens
Total state and local taxes, fees, and charges for services:
$50.4 B

$29.4 B
$14.3 B
$6.7 B

State Government
Local Governments
Public Schools

Sources: Data is for FY 2010. State data is from the unaudited FY 2010 CAFR. Local data is from AEG estimates for FY 2010, based on 2008 U.S. Census of Governments State & Local Finances Survey. Analysis: Anderson Economic Group, LLC
FIGURE 6. Public Revenues and Expenditures by Category, FY 2010

Revenues = $82.5B
- Federal Funds: 33%
- Personal Income Tax: 9%
- Sales and Use Taxes: 10%
- Property Taxes: 15%
- Other Taxes: 4%
- Motor Vehicle and Gas Taxes: 2%
- Business Taxes: 2%
- Other Taxes: 6%
- Utilities: 3%

Expenditures = $84.8B
- Health and hospitals: 17%
- K-12 education: 21%
- Human services: 10%
- General government: 5%
- Environment: 5%
- Public safety & corrections: 8%
- Transportation: 5%
- Interest on debt: 2%
- Utilities: 4%
- Unemployment insurance: 8%
- Other: 11%
- Higher education: 4%

Source: State data is from the Michigan CAFR. Local data is from the FY 2008 U.S. Census of Governments State and Local Finance Survey, with AEG Projections for FY 2010
Analysis: Anderson Economic Group, LLC

MICHIGAN’S STATE SPENDING PRIORITIES
Michigan’s state government has not been able to make investments that might spur economic growth, but rather has had to meet heightened demand for community health and human services. The largest expenditure category for the state government alone (the previous section included local government and schools, as well).
Total State Budget Gap
(per Governor’s Budget Recommendation)

- $1.4B Revenue-Expenses
- $1.9B Change in Michigan Business Tax
- $3.3B
FIGURE 7. Average Annual Change in State Appropriations, FY 2001-2010

Analysis: Anderson Economic Group, LLC

Governor’s Proposed 2012 Budget

- 22% Decrease in Higher Education Funding
- Opportunity for Additional Funds Linked to Tuition Restraint
Governor’s Proposed 2012 Budget

Michigan Tech:

-$10.5M (out of $47.9M)

+$3.3M if Tuition Increase ≤7%

$7.2M Net Reduction
State Operation Appropriations to Michigan Technological University
FY1965 through FY2012

Adjusted to FY1984 Dollars

- Unadjusted
- Adjusted with CPI
- Adjusted with HEPI
Formula Funding
(Proposed for FY2013)

“The formula will encourage universities to graduate a highly educated workforce in a timely manner and conduct research that contributes to the overall economic strategy for Michigan.”
Potential Performance Measures

• Number of degrees awarded

• Second year retention rate

• Graduation rate (6 year)
Michigan Tech 5-Year Budget Development 2012-2017

• Support the Core Mission:

  “instill the knowledge and confidence that graduates need to be top ranked in the degrees we offer”
Budget Development
Guiding Principles

• Balanced Budget
• Tuition Restraint
• Strategic Hiring
• Strategic Realignment/Investment
• Timing
Specifically ....

• No Furloughs
• No University-Wide Salary Reduction
• No University-Wide Hiring Freeze
• Tuition Increase \( \leq 7\% \)
• Strategic Budget Reductions in Low Single Digits, not across-the-board
• Strategic Consolidation of Positions and Realignment of Responsibilities through Attrition
• Financial Data Group (3D’s) has met with Deans and Most Directors

• Review with Board of Control

• Review with Senate Leadership

• Carry Forward/Contingency Policy in Place

• Increase Philanthropic Support

• Restructure Billing of Mandatory Fees?

• Examine Credit Card Policy?

• Ideas?
In Other Words ....

• No Knee Jerk Reactions

• Follow Our Strategic Plan
Strategic Plan

- Approved by Board of Control on July 16, 2009

✅ Major Goals Remain Same
  ➢ People
  ➢ Distinctive Education
  ➢ Research/Scholarship/Creativity

- http://www.mtu.edu/stratplan/
Fall Enrollment 1965-2010

- Distance Learning
- On Campus

Graduate Enrollment
1991-2010

1991-2010

Graduate Enrollment


566 1991

670 1999

1,256 2010
Female Enrollment 1976-2010

Year | Female Enrollment | Percentage
--- | --- | ---
1976 | 1,406 | 22%
1977 | 1,800 | 28%
1978 | 1,800 | 28%
1979 | 1,736 | 23%
1980 | 1,736 | 23%
1981 | 1,736 | 23%
1982 | 1,736 | 23%
1983 | 1,736 | 23%
1984 | 1,736 | 23%
1985 | 1,736 | 23%
1986 | 1,736 | 23%
1987 | 1,736 | 23%
1988 | 1,736 | 23%
1989 | 1,736 | 23%
1990 | 1,736 | 23%
1991 | 1,736 | 23%
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1999 | 1,736 | 23%
2000 | 1,736 | 23%
2001 | 1,736 | 23%
2002 | 1,736 | 23%
2003 | 1,736 | 23%
2004 | 1,736 | 23%
2005 | 1,736 | 23%
2006 | 1,736 | 23%
2007 | 1,736 | 23%
2008 | 1,523 | 23%
2009 | 1,523 | 23%
2010 | 1,809 | 30%
## Michigan Technological University

### Tenured/Tenure Track Faculty by Gender

#### 2006-07 through 2010-11

<table>
<thead>
<tr>
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<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
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<tbody>
<tr>
<td>Male</td>
<td>235</td>
<td>239</td>
<td>241</td>
<td>244</td>
<td>253</td>
</tr>
<tr>
<td>Female</td>
<td>65</td>
<td>71</td>
<td>71</td>
<td>85</td>
<td>89</td>
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<tr>
<td>Total</td>
<td>300</td>
<td>310</td>
<td>312</td>
<td>329</td>
<td>342</td>
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</table>

| Percent Female | 21.7 | 22.9 | 22.8 | 25.8 | 26.0 |

**Note:** Figures include all tenured and tenure track instructional and research faculty. Also includes those faculty on sabbatical or on unpaid leave of absence. Deans, associate deans, department chairs, executives and professional staff with tenure are excluded.
Research Expenditures
(in millions)
## Current Fund FY11

*(in thousands)*

<table>
<thead>
<tr>
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<th>Original Projection</th>
<th>2nd Qtr Projection</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>245,429</td>
<td>245,444</td>
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<tr>
<td><strong>Expense</strong></td>
<td>(245,218)</td>
<td>(246,115)</td>
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<tr>
<td><strong>Net Income</strong></td>
<td>211</td>
<td>(671)</td>
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<tr>
<td><strong>Current Fund Balance</strong></td>
<td>15,524</td>
<td>14,642</td>
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</tbody>
</table>

*Note: Current Fund includes General Fund, Designated Fund, Auxiliaries, Retirement and Insurance, and the Expendable Restricted Funds.*
MICHIGAN TECHNOLOGICAL UNIVERSITY
Generations of Discovery
Campaign Progress Summary
as of January 31, 2011

Alumni & Friends $95,167,255
Corporations 37,504,073
Private Foundations 2,349,198
Gifts-in-Kind 5,012,559
Grand Total $140,033,086
Impact of Gifts

• $8M in Scholarships/Fellowships
• Increase from 3 to 16 Named Professorships and Chairs
• Gifts Used to:
  – Remodel Physics Labs
  – Remodel 5th Floor of EERC
  – Seaman Museum
  – Career Center Remodel in Administration Building
  – Graduate School Conference Room
  – Equip New KRC Building
  – Many Student Enterprise & Senior Design Projects
Questions