CAMPUS FORUM

October 9, 2012
BUDGET
## CURRENT FUND FY12

<table>
<thead>
<tr>
<th></th>
<th>Original Projection</th>
<th>Preliminary Close</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$250,574</td>
<td>$248,850</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td>$(250,531)</td>
<td>$(252,442)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$43</td>
<td>$(3,592)</td>
</tr>
<tr>
<td><strong>Current Fund Balance</strong></td>
<td>$16,123</td>
<td>$12,488</td>
</tr>
</tbody>
</table>

Note: Current Fund includes General Fund, Designated Fund, Auxiliaries, Retirement and Insurance, and the Expendable Restricted Funds.
## CURRENT FUND FY13

*(in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>Original Projection</th>
<th>1st Qtr Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$ 257,840</td>
<td>$ 254,404</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td>$(257,397)</td>
<td>$(255,646)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$ 443</td>
<td>$(1,242)</td>
</tr>
<tr>
<td><strong>Current Fund Balance</strong></td>
<td>$ 12,931</td>
<td>$ 11,246</td>
</tr>
</tbody>
</table>

*Note: Current Fund includes General Fund, Designated Fund, Auxiliaries, Retirement and Insurance, and the Expendable Restricted Funds.*
CASH FLOW
Calendar Years
2011 & 2012 YTD
(dollars in millions)

$23.5MM
<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>5728</td>
<td>5623</td>
</tr>
<tr>
<td>Graduate</td>
<td>1303</td>
<td>1322</td>
</tr>
<tr>
<td>Total</td>
<td>7031</td>
<td>6945</td>
</tr>
</tbody>
</table>
Strategic Plan

• Approved by Board of Control on April 27, 2012

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

• http://www.mtu.edu/stratplan/
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>$42.6M</td>
</tr>
<tr>
<td>Faculty Salaries</td>
<td>-$45.3M</td>
</tr>
<tr>
<td><strong>BALANCE</strong></td>
<td><strong>$-2.7M</strong></td>
</tr>
</tbody>
</table>
State Appropriation  $42.6M
One-Time Formula $$ - 1.7M
One-Time Tuition Restraint - 0.169M
MPSERS - 5.8M
Faculty Salaries - 45.3M

**BALANCE**  $-10.3M
1999 Revenue Sources

- Tuition and Fees: 35%
- Research Grants and Contracts: 27%
- Auxiliary Activities: 14%
- State Appropriations: 14%
- Miscellaneous Revenue: 6%

Budget = $140M
2012 Revenue Sources

- Tuition and Fees: 43%
- Research Grants and Contracts: 16%
- Auxiliary Activities: 12%
- State Appropriations: 7%
- Miscellaneous Revenue: 22%

Budget = $248M
Jim Collins, 2001
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>235</td>
<td>239</td>
<td>241</td>
<td>244</td>
<td>253</td>
<td>261</td>
</tr>
<tr>
<td>Female</td>
<td>65</td>
<td>71</td>
<td>71</td>
<td>85</td>
<td>89</td>
<td>93</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>310</td>
<td>312</td>
<td>329</td>
<td>342</td>
<td>354</td>
</tr>
<tr>
<td>Percent Female</td>
<td>21.7</td>
<td>22.9</td>
<td>22.8</td>
<td>25.8</td>
<td>26.0</td>
<td>26.3</td>
</tr>
</tbody>
</table>

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.
Staff Salary and Wages
FY98 through FY12

Millions

$60

$50

$40

$30

$20

$10

$-

FY08 FY09 FY10 FY01 FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 Preliminary FY12

General Fund

Current Fund

Michigan Tech
Create the Future
Supplies, Services, and Equipment Expenditures
FY98 through FY12

Millions

General Fund  Current Fund

Michigan Tech
Create the Future
Net Aggregate Health Care Expense History
Calendar Year Presentation

$ in Millions

1998 - First full year of a PPO and a flexible benefit program
1999 - BCBSM begins as PPO administrator
2000 - Introduced percentage copays
2001 - Introduced specific stop loss coverage
2002 - A Premium plan introduced plus percentage copays for all services
2004 - Major plan changes
2009 - Major plan changes (BCBS to Aetna)
2012 - Ongoing Actual Projection

Calendar Years ending December 31
Health Care Considerations
BLG, President, VPR and VPA reviewed and considered the following over 5 meetings in 2012:

- Projected 2012 Healthcare Costs $1.5 million higher than originally anticipated
- Projected 2013 Healthcare Costs to increase an additional $1.4 million if no changes
- Developed a 3 year strategy to provide a 3 year Health and Wellness Roadmap
Legislation Changes
Must be considered when making any changes

• Health Insurance Claims Assessment Act – 1% tax by State of Michigan Certain Healthcare Claims.
• State Legislature - Publicly Funded Health Insurance Contribution Act – Employer Restricted to 80% of the Total Annual Costs
• National Healthcare Reform – 2012 Tax Year Will Require Michigan Tech’s Value of Your Healthcare to be Reported on your W-2
• National Healthcare Reform – Effective in 2013, employees can contribute a maximum of $2,500 into a healthcare flexible spending account (currently at $5,000)
# 2011 Recap—Cost Drivers

## Key Cost Drivers—Overall

<table>
<thead>
<tr>
<th></th>
<th>Lower Cost</th>
<th>Database Average</th>
<th>Higher Cost</th>
<th>2011 Michigan Tech vs. Database</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Cost per Enrollee</strong></td>
<td></td>
<td></td>
<td></td>
<td>$1,281</td>
</tr>
<tr>
<td><strong>Enrollment Composition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Area Costs</td>
<td></td>
<td></td>
<td></td>
<td>$705</td>
</tr>
<tr>
<td>Age and Gender</td>
<td></td>
<td></td>
<td></td>
<td>$846</td>
</tr>
<tr>
<td>Dependent Coverage</td>
<td></td>
<td></td>
<td></td>
<td>$2,247</td>
</tr>
<tr>
<td><strong>Faculty/Staff Cost-Sharing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan Design</td>
<td></td>
<td></td>
<td></td>
<td>$178</td>
</tr>
<tr>
<td>Faculty/Staff Premiums</td>
<td></td>
<td></td>
<td></td>
<td>$1,000</td>
</tr>
<tr>
<td><strong>Other Factors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchasing (Employer and Faculty/Staff Decisions)</td>
<td>($2,695)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty/Staff Health Status and Health Behaviors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Cost per Enrollee</strong></td>
<td></td>
<td></td>
<td></td>
<td>$2,281</td>
</tr>
</tbody>
</table>

- **MTU**: Lower Cost Relative to Prior Year
- **Higher Ed**: Cost is Neutral Relative to Prior Year
- **Labor Market**: Higher Cost Relative to Prior Year
- **<3,000**: Higher Cost Relative to Prior Year
- **Gov/Edu**: Lower Cost Relative to Prior Year
- **Prior Year**: Lower Cost Relative to Prior Year

Source: 2011 HHVI™ Consulting | U.S. Health & Benefits Proprietary & Confidential
Cost Drivers Affecting Michigan Tech

Following items were found to contribute (on average) to Michigan Tech’s higher healthcare costs compared to the national average in CY2011:

- Higher number of dependents covered on our plans
- Remote location/geographic reality
- Lower employee contributions
### Michigan Technological University
#### 2013-2015 Health and Wellness Roadmap

<table>
<thead>
<tr>
<th>Medical</th>
<th>Current State</th>
<th>Effective January 2013</th>
<th>Effective January 2014</th>
<th>Effective January 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medical</strong></td>
<td>Benchmark costs and plan design annually to understand competitive position</td>
<td>Monitor utilization and trends annually to assess programs to help manage costs</td>
<td>Adapt strategy to account for Health Care Reform (as warranted)</td>
<td>Review and adjust plan design annually, adjust premiums as needed</td>
</tr>
<tr>
<td>PPO</td>
<td>Deductible $1000/$2000</td>
<td>Increase PPO deductible to $2000/$4000</td>
<td>Eliminate PPO plan</td>
<td></td>
</tr>
<tr>
<td>Premium Adult $91/mth, child $45.50/mth</td>
<td></td>
<td>Eliminate adult/child premium distinction (i.e. same per member premium for adults and children)</td>
<td>Continue with HDHP</td>
<td></td>
</tr>
<tr>
<td>Lab/radiology coinsurance 10% (all other services 35%, except ER $75)</td>
<td>Coincidence increase to 35% for</td>
<td></td>
<td>Review and adjust plan design annually, adjust premiums as needed</td>
<td></td>
</tr>
<tr>
<td>HSA</td>
<td>No HSA plan design changes</td>
<td>Eliminate HSA funding</td>
<td>Implement dependent premium (employee and dual spouse/benefit eligible premium $0)</td>
<td>Consider incentive-based HSA funding based on group/individual performance in prior year</td>
</tr>
<tr>
<td>Funding $400/$800</td>
<td></td>
<td></td>
<td></td>
<td>Consider incentive-based HSA funding based on group/individual performance in prior year</td>
</tr>
<tr>
<td>No premiums</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Submit Request For Proposal to various insurance vendors

### Preventive Care
- **Annual physical covered at 100%**

### Prescription Drugs
- **PPO 10%: Generic/25% Brand**
- **HSA 10% after deductible**

### Legislative Immediate Changes
- **Wellness Care Reporting** (distributed in 2013 for CY2012)
- **Health FSA limit $2,500**
- **1% tax paid on claims (State of Michigan)**

### Pricings/Cost Sharing
- **University Budget Target: $14,500,000**
- **University Budget Target: To Be Determined**
- **University Budget Target: To Be Determined**

Review pricing/cost sharing in light of budget constraints

### Wellness
- **TechFit**
- **SWEAT (physical improvement) program**
- **Health Risk Assessment/Annual Physical Incentive**
- **Cooking classes**
- **HuskyPAW incentive program**
- **Healthy Lifestyle Coaching**

### Other
- **Dental**
- **Vision**

### Other insurance alternatives to consider
- **Aetna - all alternatives** [http://healthinsurance.aetna.com/state/michigan/individual-health-insurance/health-plans](http://healthinsurance.aetna.com/state/michigan/individual-health-insurance/health-plans)
2012 Revenue Sources

- Tuition and Fees: 43%
- Research Grants and Contracts: 16%
- Auxiliary Activities: 12%
- State Appropriations: 7%
- Miscellaneous Revenue: 22%

Budget = $248M
Campaign

- End Date – June 30, 2013
- Goal - $200M
Michigan Technological University
Generations of Discovery
Campaign Breakdown
As of September 30, 2012

• Facilities $ 7.2M
• Scholarships/Fellowships 30.0M
• Chairs & Professorships 38.2M
• Depts. Program Support/Ops. 56.8M
• Unrestricted or undesignated 4.3M
• Private Research 48.9M

TOTAL $185.4M
Endowed and Demand Chairs and Professorships

2004  7 positions

2012  24 positions
FY12 Sponsored Program Awards

![Graph showing sponsored program awards from FY1994 to FY2014, with lines for Total, Total - Gifts, Federal - Non-ARRA, and Federal - With ARRA. The graph indicates an overall increase in sponsored program awards over the years, with peaks in 2008 and 2012.](image-url)
Continuous Improvement – Lean

Fiscal Year 2012 Highlights

• 28 Kaizen Events
• $138,500 estimated annual cost savings/containment
• 393 Total Employees Involved
• FY12 Report available on the Web
  – http://www.mtu.edu/improvement
Continuous Improvement – Lean

Fiscal Year 2012 Highlights

- New Departments held Kaizen Events:
  - Geological & Mining Engineering & Sciences
  - Public Safety & Police Services
  - Financial Aid
  - J. Robert Van Pelt Library
  - Information Technology
  - Administrative Information Services
  - Forest Resources & Environmental Science
Marketing – Web Site Launches

Affirmative Programs: http://www.mtu.edu/affirmative-programs
AFROTC: http://www.mtu.edu/afrotc
AROTC: http://www.mtu.edu/arotc
College of Science and Arts: http://www.mtu.edu/sciences-arts
Biological Sciences: http://www.mtu.edu/biological
Chemistry: http://www.mtu.edu/chemistry/
Kinesiology and Integrative Physiology: http://www.mtu.edu/kip
Physics: http://www.mtu.edu/physics
U.S. News Best Colleges Ranking
(Undergraduate)

• Ranked 120th among 199 national universities

• Ranked 58th among public national universities

• Engineering ranked 64th in the nation; moving up from 74th

• Listed as an “A-plus School for B Students”
Princeton Review
(Undergraduate)

• Ranked “Best in the Midwest” section of its “2013 Best Colleges: Region by Region”

• Also included in “Best 377 Colleges” publication, which spotlights top 15 percent of America’s 2,500 four-year colleges and three colleges outside the United States
Washington Monthly
(Undergraduate)

• Ranked 63rd among 100 national universities

• Ranked 4th in the country for encouraging students to give service to their country through ROTC programs
Fall '12 Career Fair Results

- Employers: 280
- Representatives: 888
- Students: 3000
- Total Interviews: 4186+
Incoming Female College of Engineering Undergraduates

- 2004: 108
- 2005: 117
- 2006: 116
- 2007: 122
- 2008: 152
- 2009: 136
- 2010: 130
- 2011: 171
- 2012: 199
College of Engineering Females

<table>
<thead>
<tr>
<th>Year</th>
<th>Female Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>667</td>
<td>18%</td>
</tr>
<tr>
<td>2005</td>
<td>612</td>
<td>16%</td>
</tr>
<tr>
<td>2006</td>
<td>638</td>
<td>17%</td>
</tr>
<tr>
<td>2007</td>
<td>640</td>
<td>17%</td>
</tr>
<tr>
<td>2008</td>
<td>673</td>
<td>17%</td>
</tr>
<tr>
<td>2009</td>
<td>715</td>
<td>18%</td>
</tr>
<tr>
<td>2010</td>
<td>730</td>
<td>18%</td>
</tr>
<tr>
<td>2011</td>
<td>795</td>
<td>19%</td>
</tr>
<tr>
<td>2012</td>
<td>835</td>
<td>20%</td>
</tr>
</tbody>
</table>

Legend:
- **College of Engineering**
- **Percent of College of Engineering**
My roommate is Extraordinary

Because she was accepted everywhere she applied - and chose to come to the crazy, snowy U.P. instead of going to Princeton. Because she's the only girl in her Advanced Algorithms class (and the only one getting an “A”). Because she's never missed a dog-sledding date with the Copper County Humane Society. Because she makes butterscotch brownies for our whole floor, every single week. Because she's like all the other women at Michigan Tech: smart, cool, brave, kind, FEARLESS!

Get to know the extraordinary women of MTU at www.facebook.com/xxtraordinarywomen

Want to see MTU for yourself? Email admissions@mtu.edu or call 906-682-1865. We’d love to show you around!

XXQ Extraordinary Women of Michigan Tech

mtu.edu
No Capital Outlay Will be Funded in ‘14 Per Governor’s Office
# State of Michigan Capital Outlay Plan

## Five-Year Capital Outlay Plan – FY 2014

<table>
<thead>
<tr>
<th>Rank</th>
<th>Project Name</th>
<th>Gross Sq. Ft. New</th>
<th>Gross Sq. Ft. Renovated</th>
<th>Total Project Cost (000’s)</th>
<th>State Funds (000’s)</th>
<th>Est. Const. Univ. Funds (000’s)</th>
<th>Start/End</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Advanced Energy Research Laboratories</td>
<td></td>
<td>122,500</td>
<td>$19,872</td>
<td>$14,623</td>
<td>$5,249</td>
<td>2014 – 2016</td>
</tr>
<tr>
<td>2</td>
<td>Human Health Research Center</td>
<td>100,000</td>
<td></td>
<td>$35,000</td>
<td>$26,250</td>
<td>$8,750</td>
<td>2015 - 2017</td>
</tr>
<tr>
<td>3</td>
<td>Manufacturing Center</td>
<td>45,000</td>
<td>20,000</td>
<td>$21,000</td>
<td>$15,750</td>
<td>$5,250</td>
<td>2016 - 2018</td>
</tr>
</tbody>
</table>
The Alumni Way
Thanks For All You Do!

QUESTIONS