

MichiganTech

CAMPUS FORUM

December 4, 2008

MichiganTech

- Economy
- Capital Improvement
- AQIP and LEAN
- Strategic Planning Review

Michigan Tech

Economic Downturn Effect on Michigan Tech

State Budget Dilemma

To Cut or Not to Cut?

Michigan Tech

Treasury Department



Director of Budget



Governor



House and Senate Appropriations



Us



State of Michigan FY08

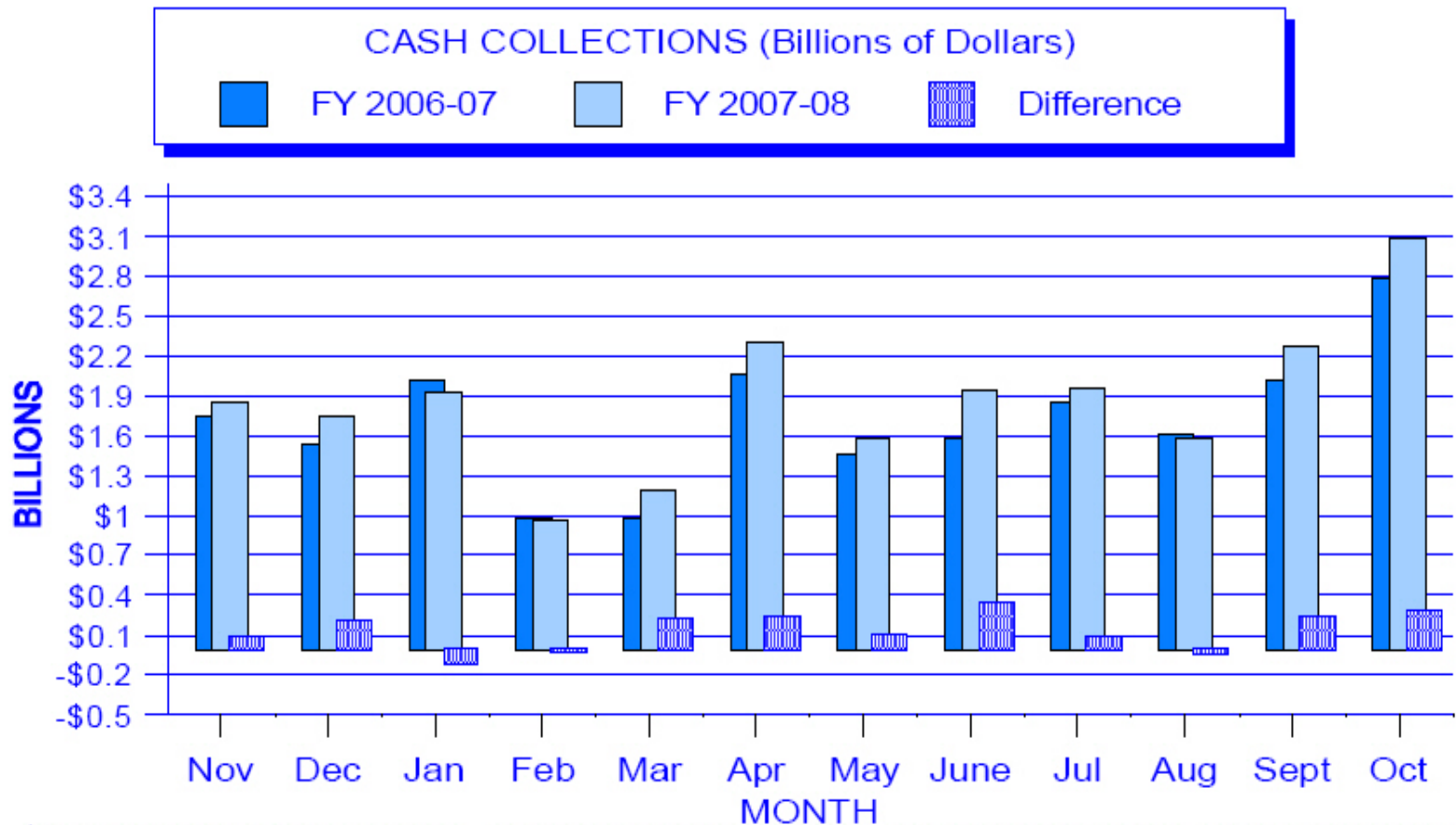
General Fund Revenue	\$130M
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School Aid Fund	\$ 70M
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Source: Senate Fiscal Agency

Actual Revenue Collections for Major State Taxes*

November 2006 to October 2008



*Comparison of actual collections. Major taxes include the beer, casino wagering, estate, income, industrial facilities, insurance retaliatory, liquor, MBT, oil & gas severance, real estate transfer, sales, SBT, State education property, tobacco (cigarette & other tobacco products), use, utility property, and wine taxes, and penalties and interest revenue.

MICHIGAN REVENUE UPDATE

OCTOBER 2008

(dollars in millions)

Type of Revenue	October Collections		FY 2007-08 to Date ²⁾		FY 2007-08 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2006-07
Gross Income Tax	\$665.2	7.2%	\$9,046.2	10.9%	\$8,999.4	10.7%
Refunds	(40.3)	20.7	(1,772.6)	4.3	(1,825.5)	8.2
Net Income Tax	\$624.9	6.4%	\$7,273.6	12.7%	\$7,173.9	11.4%
Sales Tax	550.2	(8.9)	6,748.7	2.8	6,648.8	1.5
Motor Vehicles	67.7	1.0	746.5	1.9	---	---
All Other Sales Tax	482.5	(10.1)	6,002.2	2.9	---	---
Use Tax	111.0	(17.2)	1,366.9	(0.7)	1,338.0	(3.1)
Tobacco Taxes	88.9	(20.3)	1,073.1	(6.6)	1,081.0	(4.3)
Single Business Tax	8.5	(96.4)	714.7	(60.3)	560.6	(69.1)
Michigan Business Tax	444.0	---	1,857.4	---	1,816.3	---
Insurance Tax	53.5	68.8	245.6	13.2	244.0	9.0
State Education Property Tax	1,139.7	17.1	2,206.4	7.1	2,028.3	(2.5)
Real Estate Transfer Tax	14.0	(29.6)	175.4	(26.3)	189.0	(20.4)
Casino Wagering Tax ⁴⁾	10.5	(23.4)	141.2	(18.4)	140.1	(12.1)
Oil & Gas Severance Tax	8.8	104.7	103.8	58.0	86.0	19.4
Other Taxes ⁵⁾	37.0	(51.9)	401.3	(13.8)	377.5	(19.7)
Total	\$3,091.0	10.7%	\$22,308.1	8.5%	\$21,683.5	5.4%
Addendum:						
Gross Lottery Sales ⁴⁾	\$205.7	16.1%	\$2,330.3	(0.5)%	\$2,212.0	(0.5)%
Net to School Aid Fund ⁴⁾	\$ 66.5	15.3%	\$ 741.3	(0.6)%	\$ 749.2	0.0%

1) Total collections are unadjusted cash collections unless otherwise noted.

2) FY 2007-08 year-to-date collections begin with November 2007 collections to reflect accrual accounting.

3) Consensus revenue estimates adopted at the May 16, 2008, Consensus Revenue Estimating Conference.

4) Lottery and casino revenue is not accrued, so FY 2007-08 collections will include October 2007 to September 2008.

5) Other Taxes include beer, wine, liquor, industrial facilities, utility property, and estate taxes, and penalties and interest.

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So

Treasury is recalculating for November

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Conventional

Wisdom

Watch

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CURRENT FUND FY09 Income Statement Projection

<u>(in Thousands)</u>	<u>Current Fund</u>	<u>Possible Executive Order Cuts</u>		
		1%	3%	5%
Total Revenue	\$ 233,380	\$ 232,885	\$ 231,894	\$ 230,904
Total Expense	<u>231,280</u>	<u>231,280</u>	<u>231,280</u>	<u>231,280</u>
Net Income (Loss)	<u>\$ 2,100</u>	<u>\$ 1,605</u>	<u>\$ 614</u>	<u>\$ (376)</u>
Ending Fund Balance	<u>\$ 17,515</u>	<u>\$ 17,020</u>	<u>\$ 16,029</u>	<u>\$ 15,039</u>

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

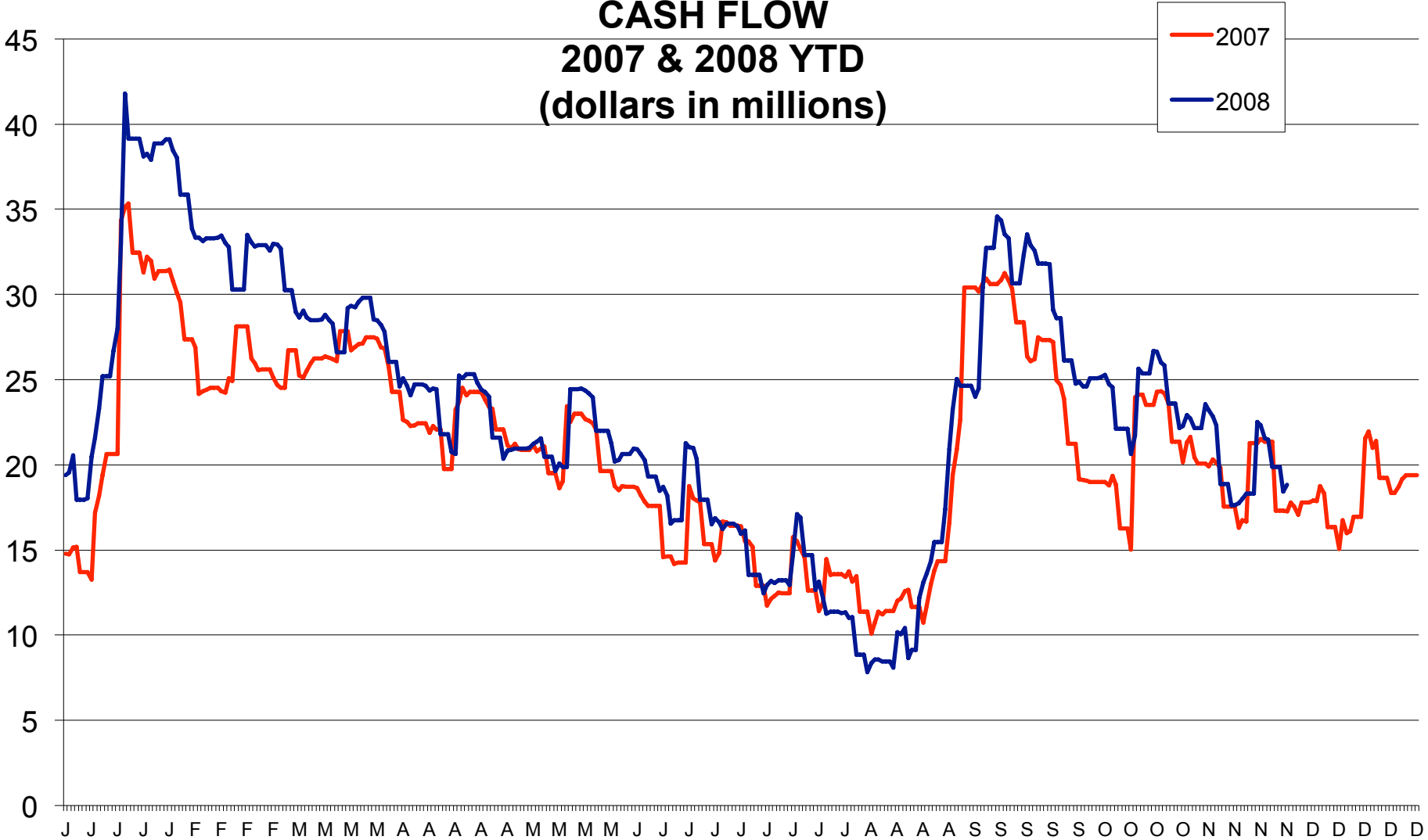
Budget Cut Scenarios

- Delay Capital Costs
- Strategic Control of Hiring
- Operations Cost Containment

Issues Facing Higher Education During Financial Downturn

- State Appropriations
- Institutional Liquidity
- Long-term Investments
- Long-term Debt
- Insurance and Risk Management
- Financial Reporting and Disclosures
- Financial Aid

CASH FLOW 2007 & 2008 YTD (dollars in millions)



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Capital Improvements

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UPPCO Building Renovation

- ❖ \$3M Economic Development Administration
- ❖ \$500k Michigan Economic Development Corporation
- ❖ LEED Certification

UPPCO Timeline

- ❖ Planning - Winter
- ❖ Bids - Winter
- ❖ Construction - Spring/Summer
- ❖ Move In - Late Summer



RESIDENTIAL APARTMENTS - Preliminary Design

MichiganTech

Great Lakes Research Center

- Planning Committee

- Bill Predebon, Chair

- Marty Auer

- Sarah Green

- Charles Kerfoot

- Alex Mayer

- Walt Milligan

Ex-officio: Jim Heikkinen and Gregg Richards

Michigan Tech



Waterfront Master Planning Committee

- Marty Auer
 - Charles Kerfoot
 - Mary Marchaterre
 - Alex Mayer
 - William Predebon
 - Suzanne Sanregret
 - Student Representative
- Ex-officio: Jim Heikkinen and Gregg Richards

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- ❖ KRC – Design Phase
- ❖ ME-EM Labs – Identified Needs
- ❖ Physics Labs – Design Phase
- ❖ US41 Reconstruction – Design Phase

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AQIP and LEAN

Academic Quality Improvement Program (Initial Projects)

- Diversity of Faculty (Report, Presentation, Response)
- Comprehensive Space Inventory (Report, Presentation, Response)
- Carbon Modeling (Report)
- Learning Space Enhancement (Report, Presentation, Response)

AQIP Systems Portfolio

- Helping Students Learn
- Accomplishing Other Distinctive Objectives
- Understanding Students' and Other Stakeholder's Needs
- Valuing People
- Leading and Communicating
- Supporting Institutional Operations
- Measuring Effectiveness
- Planning Continuous Improvement
- Building Collaborative Relationships

LEAN Quality Improvement

- Dining Services
- Payroll/Human Resources
- Sponsored Programs

LEAN Dining Services

- Catering/Ordering Processes
- Recipe Consistency
- Room Setup and Cleanliness Standards
- Training Catering Student Employees

LEAN Human Resources

- Probationary Period Process
- Student Status Change

LEAN Sponsored Programs

- Internal Processing of Budget Modifications
- Final Closeout of Sponsored Projects

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Looking Ahead

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Strategic Plan Update

- Draft Guiding Principles (Radson, Schulz and Walck). (Complete)
- Deans Review (January)
- Executive Team Direct Reports Review
- Executive Team Review (March)
- Public Focus Groups
- Deans and Executive Team Review Again
- Final Approval (July Board meeting)

Administrative Strategic Priorities

- Compliance
- System Efficiency
- Recruitment and Retention
- Training

Administrative Strategic Priorities

- Compliance

Effort Reporting

- Overload Compensation
- Supplemental Compensation
- Summer Compensation
- Bonus Compensation

Administrative Strategic Priorities

- System Efficiency
 - Process Automation
 - Space Utilization

Administrative Strategic Priorities

- Recruitment and Retention
 - Compensation
 - Benefits
 - Immigration

Administrative Strategic Priorities

- Training
 - Policies/Procedures
 - Electronic Systems

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Campaign Total to Date

FY09 gifts	\$ 11.05
FY08 gifts	25.63
FY07 gifts	29.49
FY09 corporate research	2.54
FY08 corporate research	6.53
FY07 corporate research	6.21
Selected FY06 gifts	<u>12.29</u>
	\$93.74
(discounts of Planned Gifts)	<u>-5.71</u>
	\$88.03

As of October 31, 2008

MichiganTech

FY2009 Critical Success Factors

- Enhance & Restructure Compensation
- Continue Faculty Hiring in Strategic Areas
- Provide Training & Support for Deans & Chairs
- Attain our Metric Goals
- Achieve Enrollment Target
- Increase Visibility
- Launch New University Web Site
- Practice Sound Financial Management
- Execute Plans for High-Impact Capital Projects

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Questions