

Beginning of Semester Briefing

MSU Administrators

9/1/2009

Planning Goal: Preserve and Advance MSU

- **World class academic, research, and outreach programs**

Locally relevant

Globally engaged

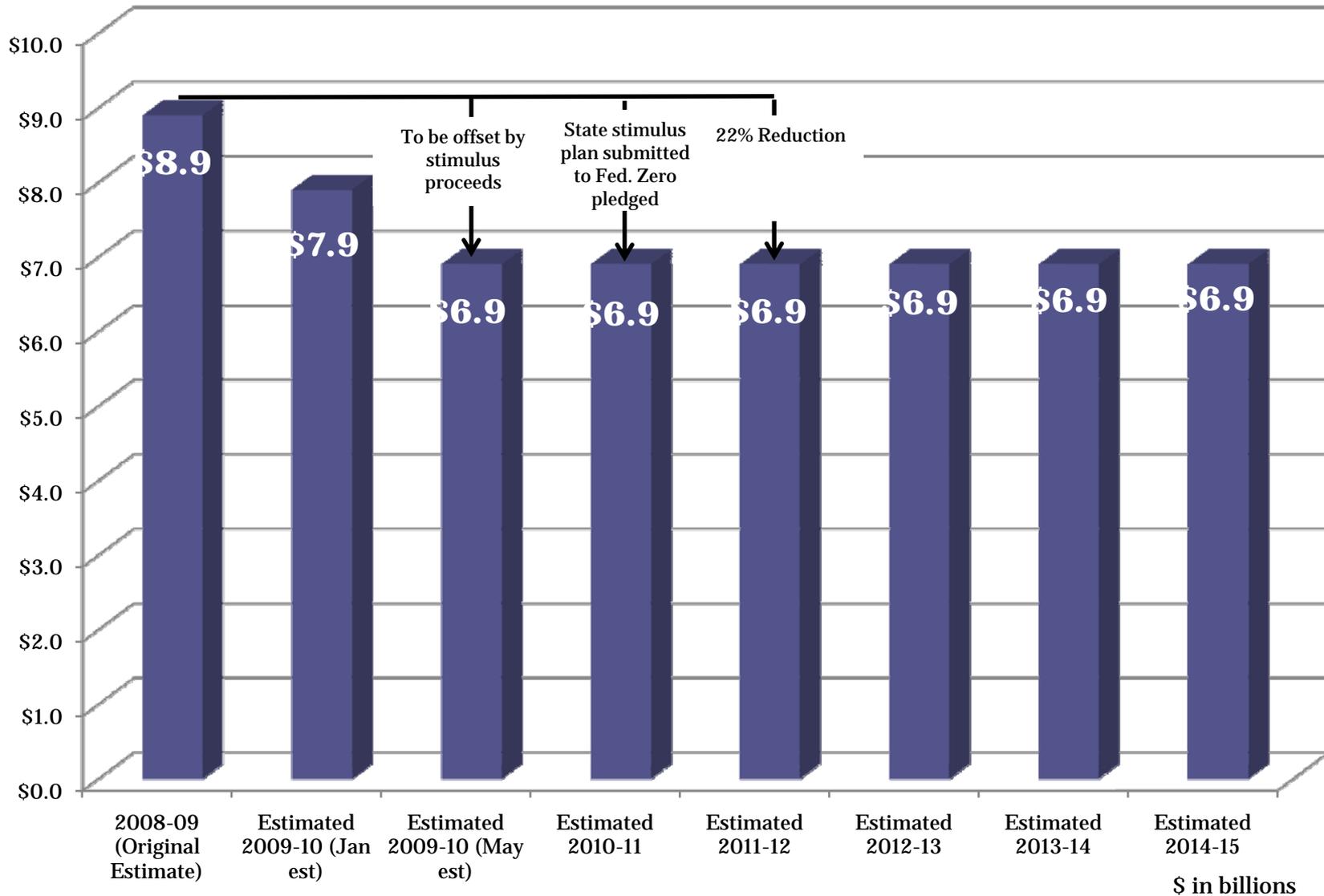
- **Among the best research universities in the world**
- **Talented, high-performing, inclusive faculty and staff working effectively**
- **High performing, closely aligned, support programs**
- **Honor/reinvent land-grant traditions for 21st century**
- **Critical stewardship investments made on an ongoing basis**

Financial Climate

- **Abrupt loss of state appropriation support over next three years**
 - Control expenditures**
 - Grow alternative revenue sources (e.g. Advancement)**
- **Adjust to long-term fiscal realities of slowed revenue growth**
 - Changes in practice**
 - Changes in culture**

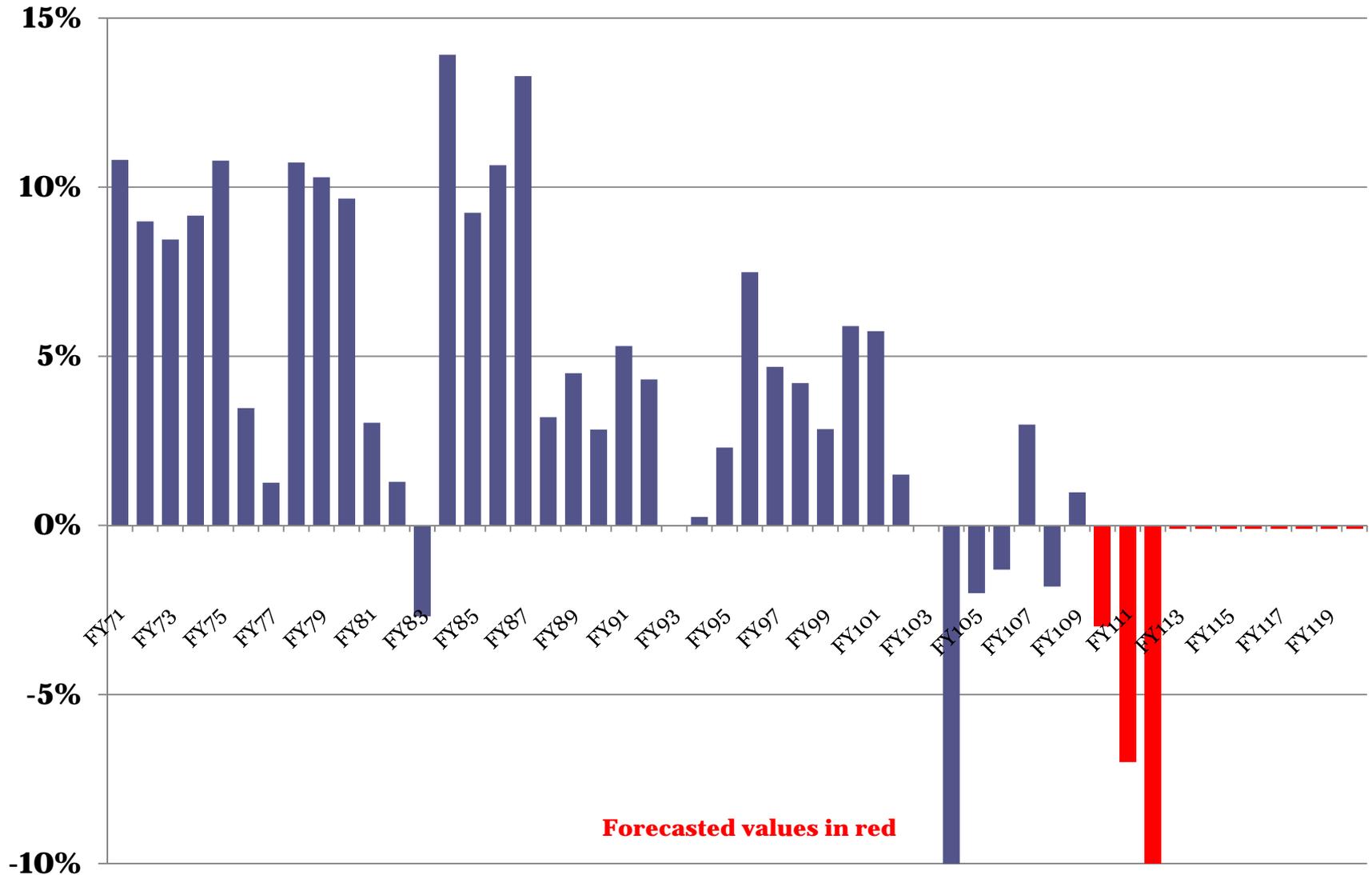
State Revenue Estimates

9/1/2009



9/1/2009

Percent Change in Appropriations



9/1/2009

Budget Primer

	<u>1% Value</u>
General Fund Appropriations	\$2.9M
Tuition and Fee Revenue	\$5.6M
Other Revenue	\$0.9M
Faculty & Academic Staff	\$3.8M
Collective Bargaining Groups	\$2.1M
Graduate Assistants	\$0.4M
Student Labor	\$0.1M
Health Care	\$0.7M
Other Benefits	\$0.9M
Financial Aid	\$0.7M
Utilities	\$0.4M
Supplies & Services	\$0.9M
Operations	\$0.7M
Reductions	\$4.0M
MAES Appropriations	\$0.34M
MSUE Appropriations	\$0.29M

MSU Appropriations

	<u>Governor</u>	<u>House</u>	<u>Senate</u>
<u>Experiment Station and Extension</u>			
Recurring	-50 Percent	2.5 Percent	-44 Percent
Stimulus	-0-	\$2.0M	\$27.8M

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Experiment Station FTE Counts

MAES

<u>Employee Type</u>	<u>Appropriated</u>	<u>Other</u>	<u>All Funds</u>
Tenure System Faculty	135.8	12.7	148.6
Fixed Term Faculty	2.8	42.3	45.1
Continuing Staff	4.4	5.2	9.7
Fixed Term Staff	3.7	116.7	120.4
Graduate Assistant	5.3	138.9	144.3
Nonacademic Staff	132.3	135.7	268.0
Total	284.4	451.6	736.0

9/1/2009
MSU Extension

FTE Counts

MSUE			
<u>Employee Type</u>	<u>Appropriated</u>	<u>Other</u>	<u>All Funds</u>
Tenure System Faculty	55.1	0.8	56.0
Fixed Term Faculty	2.6	0.1	2.7
Continuing Staff	264.6	31.0	295.6
Fixed Term Staff	62.1	49.2	111.3
Graduate Assistant	2.3	4.6	6.9
Nonacademic Staff	150.0	146.2	296.1
Total	536.7	231.9	768.6

9/1/2009

MSU Budget Statistics

Percent
Composed of
Salaries &
Fringe
Benefits*

All Funds Expenditures

56%

General Fund Expenditures

73%

General Fund Operating Units

91%

*Source: 2007-08 OFI and 2nd close financial records

Strategic Imperatives

- **Hold to core values and identify which are constant**
 - **Quality, inclusion, connectivity**
- **Look to Boldness by Design for long-term direction**
- **Base priorities on anticipated societal needs, significant intellectual issues, and academic strengths**
- **Build upon MSU experience and reputation as an international university**
- **Remain competitive on key reputational measures**
- **Maintain or attain productivity measures comparable or better than peers**
- **In financial considerations, focus on issues with the most potential for addressing existing and long-term circumstances**

Strategic Imperatives

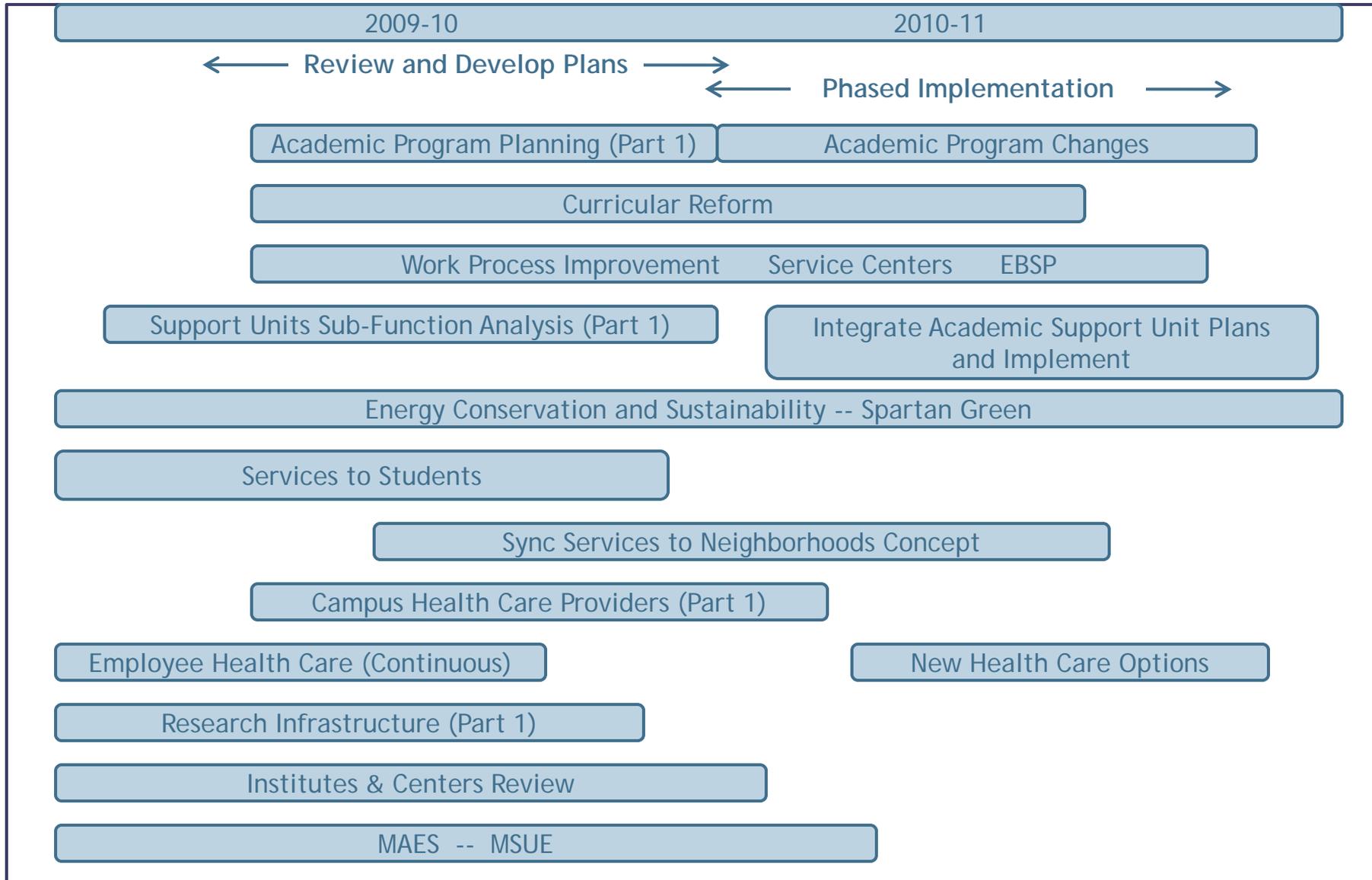
- **Use the 25 Boldness by Design indicators for decision making including:**
 - **Student faculty ratio – Preserve to 17 to 1**
 - **Graduation rates – Continued improvement**
 - **Research grants – Close gap with peers**
 - **National academy memberships – Work toward doubling current complement**
- **Utilize planning processes across campus to achieve outcomes**
 - **Short-term decisions must be sustainable and advance a long-term strategy**
 - **Reinforce use of evidence-based planning and decision making**
 - **Continue reliance on tested systems and processes for guiding MSU**
 - **Focus on issues with the most potential for solving problems**

Global Design Principles

- **Most design principles are previously existing policies or practices**
- **Currently being augmented to guide abrupt and gradual change necessary given the magnitude of current financial challenges**
- **Synthesis of previously used planning elements**
- **Guide sculpting process over next three to four years**
- **Institutional direction setting**
- **Changing culture and attitudes**
- **Reaffirm priority of academic mission**
- **Provide accountability mechanism to assess progress over time**

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MSU Planning Illustrations



Illustrative Global Design Principles

- **Design principles focused in the following areas:**
 - **Students**
 - **Performance Expectations**
 - **Compensation**
 - **Health care**
 - **Academic enterprise**
 - **Outreach**
 - **Research**
 - **Student Support**
 - **Finance**
 - **Operations**

Students

- **Overall stable enrollment**
- **Sustain a talented, inclusive undergraduate student body**
 - **Reflective of Michigan's population and economic mix**
 - **Non-resident proportion to reflect peers**
 - **Increased prominence of financial aid**
 - **Expanding need-based programs targeted to both high and moderate need students**
 - **Promoting geographic diversity**
 - **Comparable matriculation rates, time to degree calculations, and achievements of peer institutions**
 - **Educational outcomes and placement rates comparable by discipline to peer institutions**

Students

- **Graduate students**
 - **Incremental growth over time (Master's, PhD)**
 - **High quality and exemplary rate of placement**
 - **Scaled to increasing research activity**
 - **High quality revenue generating professional masters' programs, other certificate and post-baccalaureate programs**
- **Graduate professional students**
 - **Anticipated growth as a result of fully populated programs in West and Southeast Michigan**

Design Principles

Performance Expectations

- **Expectation of excellence across the university**
 - **Increased productivity/quality expectations for all employees as well as major university functions, total FTE counts will necessarily be smaller**
 - **Expected to work smarter, fully utilizing technology, best practices in each functional area, and team approaches across traditional offices to accomplish critical tasks**
 - **Faculty expected to continue excellent teaching reputation and build research base and outreach performance**
 - **Promote tenure standards consistent with peer universities; continued use of post-tenure review**

Performance Expectations

- **Support staff classifications reviewed, increased training made available, use of performance assessment tools**
- **Work expectations examined to identify impediments to efficient operations that are inconsistent with practices of other employers in the functional area**
- **Streamline work process including review of numbers and assignments of administrators**

Employees-Compensation

- **Recruit and retain talented, inclusive university employee population**
- **Salary scale at market rates for all employees**
 - **Faculty compensation based on a national – international labor market (e.g. average of Big Ten)**
 - **Support staff compensation based on a local or regional labor market**

Fringe Benefits – Health Care

- **Restructure benefit programs to better reflect current financial circumstances at MSU, in mid-Michigan, and across higher education**
 - **Recognize the need for high-quality, cost effective health coverage, funded by employer and employee contributions, that addresses serious events and preventative care**
 - **Better incorporate national best practices in evidence-based medicine and health information systems**
 - **Bring design and eligibility for funded post-retirement health care in line with appropriate local and national peer groups**
 - **Integrate with MSU programs and practices where cost and quality are favorable**

Fringe Benefits – Health Care

- **Align incentives to better assure that employees, health providers and insurers all are incentivized to improve long-term health, while constraining cost**
 - **Consumer-based health care options**
 - **On-site employer-provided clinics**
 - **Employ health promotion and prevention options**
- **Trend toward individual responsibility for healthy behavior**
- **Trend toward controlled and predictable institutional rates of cost increases**
- **Reassess current budgeting techniques for fringe benefits**

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Fringe Benefits

Health Care Cost Comparisons

Coverage Tier	MSU		Big Ten		Local Employers	
	Faculty	Staff	Average	Median	Average	Median
Employee	\$557 - \$649	\$0 - \$92	\$850	\$868	\$697	\$438
Employee + Spouse	\$1,170 - \$1,362	\$0 - \$192	\$2,465	\$2,767	\$1,398	\$920
Employee + Child(ren)	\$1,170 - \$1,362	\$0 - \$192	\$2,139	\$2,141	\$1,398	\$920
Employee + Family	\$1,365 - \$1,589	\$0 - \$224	\$3,002	\$3,035	\$1,721	\$1,150

Plan Component	MSU	State of Michigan		General Motors	
		HMO	PPO	HMO	PPO
Premium Share - Employee	\$0 - \$92	\$189 - \$306	\$619	\$528 - \$924	\$588
Premium Share - Employee + Spouse	\$0 - \$192	\$434 - \$611	\$1,238	\$936 - \$2,280	\$1,128
Premium Share - Employee + Child(ren)	\$0 - \$192	\$434 - \$611	\$1,238	\$936 - \$2,280	\$1,128
Premium Share - Family	\$0 - \$224	\$509 - \$843	\$1,735	\$1,200 - \$2400	\$1,500
Deductible	\$0	\$0	\$300/\$600	\$0	\$750/\$1,500
Out-of-Pocket Maximum	None	None	\$1,000/\$2,000	\$1,500/\$3,000	\$2,000/\$4,000
Hospital Inpatient	0%	0%	Subject to deductible	\$250	10% after deductible
Outpatient Surgery	0%	0%	Subject to deductible	\$100	10% after deductible
Office Visit	\$15 copay	\$10 copay	\$15 copay	\$30 copay	10% after deductible
Generic Drug	\$10 copay	\$5 copay	\$10 copay	\$10 copay	\$10 copay
Formulary Brand Drug	\$20 copay	\$10 copay	\$20 copay	\$28 copay	25%
Non-Formulary Brand Drug	\$40 copay	\$10 copay	\$40 copay	\$55 copay	\$50 copay

Academic Enterprise

- **Quality, connectivity, and inclusion serve as values guiding change**
- **Some activities will grow in scale while others will be reduced or discontinued**
- **Leverage performance within projected resources across multiple dimensions:**

Student learning	Reputational profile
Research productivity	Cost
Outreach impact	
- **Change curricular dynamics to increase value, flexibility, and productivity**
- **Increase emphasis on engaged learning, including undergraduate research, service learning and international experiences**
- **Solutions require innovative models as well as using the best of current practice**
- **Preserve flexibility to address emerging opportunities**
- **Lower barriers to interdisciplinary teaching and research collaborations**
- **Some activities will grow in scale while others will be reduced or discontinued**

9/1/2009

Instructional Units

Key Metrics

(Faculty-Based Research)

	FALL 2007 RANKED FACULTY FTE	ADMIN. BUDGET /SCH	2008 SCH/RANKED FACULTY	2008 TUITION/DIREC T INST. COSTS	2008TOTAL GRANTS - 3 YR AVG. PI Home	5 YEAR PERCENT CHG. GRANTS	TOTAL GRANTS/RANKED FACULTY	% TOTAL INDIRECT COST RECOVERY (MTDC) FY**
A&L	288.7	159.9	626.0	194.4%	\$1,377,772	109.6%	\$4,773	16.9%
CNS	425.0	229.0	606.5	148.3%	\$63,782,029	2.3%	\$150,072	35.9%
CSS	397.1	193.2	670.0	164.4%	\$20,830,973	9.0%	\$52,452	23.9%
ANR	363.1	371.7	223.2	92.5%	\$63,586,584	50.4%	\$175,131	29.0%
BUSINESS	122.3	286.1	919.6	143.9%	\$1,266,459	54.1%	\$10,358	12.0%
CAS	93.9	170.2	756.0	183.6%	\$2,335,307	146.4%	\$24,881	26.3%
EDUCATION	174.5	352.3	434.0	98.1%	\$18,828,453	68.2%	\$107,918	26.6%
EGR	156.7	609.9	311.1	61.3%	\$25,640,468	63.3%	\$163,596	30.7%
MUSIC	72.9	537.5	190.5	65.0%	\$10,023	-83.5%	\$137	0.0%
RCAH	11.0	648.8	189.6	48.3%*	\$73,781	0.0%	\$6,707	0.0%
JMC	42.8	204.5	433.7	137.1%	\$28,928	-64.3%	\$676	0.0%
LBC	24.8	168.3	662.8	144.1%	\$269,747	84.6%	\$10,877	21.2%
NURSING	68.9	614.7	177.8	55.7%	\$2,905,905	73.3%	\$42,157	36.9%
CHM	205.8	854.8	172.3	55.7%	\$26,748,776	34.4%	\$129,956	24.1%
COM	143.4	489.8	259.2	83.0%	\$9,147,805	28.0%	\$63,788	32.4%
CVM	188.3	1,001.1	113.1	54.1%	\$11,758,031	-13.6%	\$62,443	29.5%

*Limited to a 2-year student complement. Anticipating a minimum of 100% once a full 4-year complement is realized.

** Indirect cost recovery is determined by annual grant expenditures and distributed by administrative share of responsibility for the grant.

9/1/2009

Instructional Units

Key Metrics

(Unit-Based Research)

	FALL 2007 RANKED FACULTY FTE	ADMIN. BUDGET /SCH	SCH/RANKED FACULTY	2008 TUIION/DIRECT INST. COSTS	2008 TOTAL GRANTS - 3 YR AVG. Grant	5 YEAR PERCENT CHG. GRANTS	TOTAL GRANTS/RANKED FACULTY	% TOTAL INDIRECT COST RECOVERY (MTDC) FY**
A&L	288.7	159.9	626.0	194.4%	\$1,293,151	37.6%	\$4,480	16.9%
CNS	425.0	229.0	606.5	148.3%	\$49,498,625	-9.6%	\$116,465	35.9%
CSS	397.1	193.2	670.0	164.4%	\$19,500,595	9.7%	\$49,103	23.9%
ANR	363.1	371.7	223.2	92.5%	\$32,077,163	-24.8%	\$88,347	29.0%
BUSINESS	122.3	286.1	919.6	143.9%	\$1,262,395	56.4%	\$10,325	12.0%
CAS	93.9	170.2	756.0	183.6%	\$2,845,319	200.8%	\$30,315	26.3%
EDUCATION	174.5	352.3	434.0	98.1%	\$18,092,811	66.8%	\$103,702	26.6%
EGR	156.7	609.9	311.1	61.3%	\$25,652,498	61.8%	\$163,673	30.7%
MUSIC	72.9	537.5	190.5	65.0%	\$5,011	-88.7%	\$69	0.0%
RCAH	11.0	648.8	189.6	48.3%*	\$73,781	NA	\$6,707	0.0%
JMC	42.8	204.5	433.7	137.1%	\$7,697	-90.1%	\$180	0.0%
LBC	24.8	168.3	662.8	144.1%	\$183,851	218.1%	\$7,413	21.2%
NURSING	68.9	614.7	177.8	55.7%	\$2,915,245	84.4%	\$42,293	36.9%
CHM	205.8	854.8	172.3	55.7%	\$23,752,548	17.0%	\$115,399	24.1%
COM	143.4	489.8	259.2	83.0%	\$8,535,542	7.9%	\$59,518	32.4%
CVM	188.3	1,001.1	113.1	54.1%	\$16,990,468	16.3%	\$90,231	29.5%

*Limited to a 2-year student complement. Anticipating a minimum of 100% once a full 4-year complement is realized.

** Indirect cost recovery is determined by annual grant expenditures and distributed by administrative share of responsibility for the grant.

Research Design Principles

9/1/2009

- **Increase expectation for research quality and productivity across the university**
- **Leverage performance across areas ranging from emerging to mature disciplines, assessing current as well as future contributions**
- **Facilitate the growth of interdisciplinary research agendas integrating social/behavioral and physical/biological disciplines**
- **As a comprehensive, international, research university built on land-grant traditions, continue to strengthen the liberal core in arts, humanities, social sciences while focusing on areas of traditional strength, opportunity, and need including:**
 - **Plant science**
 - **High energy & nuclear physics**
 - **Health/life sciences(basic/translational)**
 - **Food safety and security**
 - **Public humanities and creative arts**
 - **Energy/energy storage**
 - **Environmental sciences**
 - **Complex materials**
 - **Education and pedagogy**

Research

- **Policies and practice aligned to achieve sustainable external research funding model incorporating:**
 - **Faculty incentives**
 - **Research initiation expenses**
 - **Facilities investments and assignments**
 - **In-kind contributions**
 - **Support of graduate students**
- **Seek annual increases in federal, foundation and corporate research grant activity in dollars and rates of change sufficient to close gap with peer institutions**
- **Sustain administrative oversight while reducing regulatory costs**

9/1/2009

Research

Total Grants-3 Yr. Avg (Faculty-Based)

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
UNIVERSITY - TOTAL OF ALL UNITS	209,432,067	221,707,480	245,575,374	278,196,209	296,038,984	309,519,512	316,387,351	344,362,403	369,234,999	377,695,146
COLLEGE OF ARTS AND LETTERS	765,985	680,580	720,905	689,254	657,210	698,399	1,021,571	1,032,493	1,063,123	1,377,772
COLLEGE OF NATURAL SCIENCE	35,636,829	42,595,923	48,146,372	59,657,006	62,350,103	63,065,811	60,293,752	60,098,834	62,903,873	63,782,029
COLLEGE OF SOCIAL SCIENCE	12,094,562	12,812,895	14,448,142	17,007,687	19,104,562	19,305,950	19,907,969	21,871,186	22,867,535	20,830,973
COLLEGE OF AGRICULTURE & NATURAL RESOURCES	31,997,237	31,823,537	33,782,962	39,466,494	42,265,339	48,516,544	53,514,142	64,393,741	65,393,346	63,586,584
MICHIGAN AGRICULTURAL EXPERIMENT STATION	1,100,253	1,076,424	1,013,507	166,976	89,386	62,084	72,692	478,584	695,211	787,498
MICHIGAN STATE UNIVERSITY EXTENSION	9,598,694	9,828,558	11,922,026	12,312,693	13,266,629	13,633,591	14,655,321	15,148,940	17,483,113	19,872,362
ELI BROAD COLLEGE OF BUSINESS	774,804	631,756	605,131	683,542	821,684	768,057	971,094	1,036,673	1,197,909	1,266,459
COLLEGE OF COMMUNICATION ARTS & SCIENCES	926,787	827,863	899,533	669,945	947,638	904,174	2,012,018	1,946,342	2,411,590	2,335,307
COLLEGE OF EDUCATION	8,999,181	9,424,065	9,241,088	10,142,332	11,192,720	16,312,375	18,723,877	20,822,368	18,223,832	18,828,453
COLLEGE OF ENGINEERING	12,009,154	11,377,915	13,416,277	14,827,286	15,702,105	14,735,998	15,650,731	19,093,095	23,582,526	25,640,468
COLLEGE OF MUSIC	4,743	3,343	14,033	27,804	60,874	47,540	92,736	69,689	69,689	10,023
COLLEGE OF HUMAN MEDICINE	13,402,072	14,268,472	16,416,730	18,355,248	19,899,765	22,229,880	22,871,351	27,825,842	26,713,107	26,748,776
COLLEGE OF NURSING	2,440,825	2,116,254	1,898,027	1,353,688	1,677,134	1,989,748	2,437,077	2,770,488	3,153,788	2,905,905
COLLEGE OF OSTEOPATHIC MEDICINE	6,915,471	6,381,460	6,601,040	7,079,244	7,145,872	7,539,404	7,623,863	8,676,037	8,610,123	9,147,805
COLLEGE OF VETERINARY MEDICINE	7,420,674	7,358,848	10,192,132	12,766,932	13,615,411	12,673,199	11,007,999	11,054,696	11,102,784	11,758,031
NATIONAL SUPERCONDUCTING CYCLOTRON LABORATORY	13,471,546	12,405,818	13,502,413	12,611,885	14,019,635	12,126,512	12,731,748	12,803,779	15,744,237	14,617,810

9/1/2009

Research

Total Grants-3 Yr. Avg (Unit-based)

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
UNIVERSITY - TOTAL OF ALL UNITS	209,424,078	221,699,492	245,567,386	278,196,209	296,037,234	309,517,761	316,382,200	344,352,493	369,223,771	377,682,764
COLLEGE OF ARTS AND LETTERS	758,125	652,020	695,770	674,251	940,011	978,228	1,095,968	824,287	833,153	1,293,151
COLLEGE OF NATURAL SCIENCE	32,674,773	38,419,433	43,235,758	52,693,545	54,753,063	56,640,067	52,404,825	51,101,124	51,255,428	49,498,625
COLLEGE OF SOCIAL SCIENCE	12,043,761	12,599,619	13,686,463	15,491,352	17,781,853	18,046,723	18,699,885	20,003,077	20,811,300	19,500,595
COLLEGE OF AGRICULTURE & NATURAL RESOURCES	31,282,050	32,150,915	35,414,638	41,194,001	42,670,822	46,587,026	46,467,566	47,112,303	38,865,185	32,077,163
MICHIGAN AGRICULTURAL EXPERIMENT STATION	1,134,740	3,455,169	3,392,331	2,871,284	813,460	1,419,187	5,334,407	13,002,917	20,891,728	26,860,613
MICHIGAN STATE UNIVERSITY EXTENSION	10,575,788	8,922,811	10,277,340	10,359,569	12,612,661	13,231,099	16,002,480	20,272,286	25,717,989	28,432,513
ELI BROAD COLLEGE OF BUSINESS	592,237	583,213	602,100	680,510	806,980	769,022	994,295	1,054,447	1,216,082	1,262,395
COLLEGE OF COMMUNICATION ARTS & SCIENCES	770,958	737,673	872,879	661,705	945,890	893,873	1,981,490	2,397,576	3,029,276	2,845,319
COLLEGE OF EDUCATION	9,020,625	9,459,829	9,336,872	10,282,458	10,845,820	15,925,773	18,239,039	20,754,309	18,013,044	18,092,811
COLLEGE OF ENGINEERING	11,734,336	11,446,373	13,368,144	15,132,863	15,858,267	14,872,057	15,520,710	19,039,900	23,493,917	25,652,498
COLLEGE OF MUSIC	4,743	3,343	14,033	27,804	44,339	31,006	46,368	34,845	34,845	5,011
COLLEGE OF HUMAN MEDICINE	14,707,147	15,486,079	17,647,770	19,148,452	20,304,905	21,287,774	22,000,841	25,415,430	24,561,338	23,752,548
COLLEGE OF NURSING	1,399,182	1,337,606	1,458,776	1,164,006	1,580,815	1,903,114	2,393,466	2,723,544	3,117,497	2,915,245
COLLEGE OF OSTEOPATHIC MEDICINE	7,138,491	6,735,861	6,763,522	7,491,714	7,633,959	8,000,371	7,679,093	8,182,815	7,906,168	8,235,542
COLLEGE OF VETERINARY MEDICINE	7,966,684	7,719,624	10,770,311	13,190,859	14,606,410	14,290,397	13,137,199	14,859,141	15,610,459	16,990,468
NATIONAL SUPERCONDUCTING CYCLOTRON LABORATORY	15,232,678	13,982,485	15,101,520	15,583,375	18,887,600	17,872,074	19,763,969	20,559,168	24,118,627	21,922,307

Outreach

- **Leverage departmental expertise through seamless connections between university research and outreach**
- **Integrate focused MSU expertise into communities**
- **Activities derived from research strengths and based upon scholarly engagement**
- **Advance community focused education**

Design Principles

Student Support

- **Assure student and academic support functions (totaling over \$25M) demonstrate measurable, positive outcomes**
- **Integrate programs across academic units, residence halls, and support services**
- **Build student and academic support programs upon a neighborhood concept (including academic, personal/social and health/medical)**
- **Use effective electronic technologies to build on the ways in which students interact with media**
- **Focus first-year experience on**
 - **Assisting students' academic and social transition to university expectations**
 - **Beginning a process of stronger identification and affiliation with the university**

Finance

- **Utilize multi-year perspective to analyze financial circumstances**
- **Continue to rely only on recurring revenues to address recurring expenditures**
- **Rely on strategic management of university investments to realize consistent and predictable returns**
- **Manage financial resources conservatively, preserving appropriate levels of reserves and liquidity**
- **Incorporate known commitments into long-term plans including:**
 - **Just-in-time facilities maintenance schedule**
 - **Programmatic-related facility requirements**
 - **Project cash needs (e.g. F-RIB, EBSP)**
- **Preserve financial and personnel flexibility**

Operations

Design Principles

9/1/2009

- **Attain lowest administrative/operating costs among peer institutions with similar systems and circumstances**
- **Continue to reduce utility costs to assure most efficient operation, emphasizing environmental sustainability wherever possible**
- **Improve financial control and operational effectiveness through implementation of new Financial - HR information system**
- **Prioritize Just-in-Time facility spending, balancing limited financial resources against deterioration and cost escalation if deferred**
- **Review academic support costs for potential savings, balance to assure that faculty activities constitute best, most productive use of time**

Operations

Design Principles

9/1/2009

- **Optimize efficiency and effectiveness of services provided by MSU Health Team and Olin Student Health Center**
- **Improve economies of scale by leveraging volume, partnering and brokering**
- **Incorporate modern tools, including supply chain analysis, to control costs**
- **Develop service center models to assist in reducing costs and improving financial information**
- **Assure necessary compliance with governmental and other regulatory policies while controlling costs**

Illustrative Metrics for Success

- **Maintain/improve status among finest public research universities**
- **Improvement in institutional and programmatic rankings**
- **Research growth rate ahead of peers**
- **Advancement growth rate ahead of peers**
- **Preserve 17:1 student faculty ratio**
- **Moderated cost growth for health and utility expenditures in particular**
- **Reduce and redistribute human capital while building expertise and promoting inclusion**

Tools (Illustrative)

- **Multi-year financial models**
- **Differential budget investment across areas of importance**
- **Annual strategic planning and program review**
- **Effective personnel policies that promote high performance and productivity**
- **Peer-driven benchmarking**
- **Review of budgets by sub-function**
- **Review efficiency and effectiveness**
- **Travel costing**
- **2020 master plan**
- **JIT planning and analysis**
- **Financial and human resource information system**
- **Review of research centers, bureaus, and institutes**

Recap

- **Core values of quality, inclusion, and connectivity remain constant**
- **Boldness by Design provides the long-term framework for shaping future**
- **Continue reliance on tested systems and processes for guiding MSU**
- **Build upon planning base established by Provost Wilcox and VP Poston**
- **Sculpt university to maintain its status among the best research universities in the world while adjusting to long-term fiscal realities**
- **Changes primarily derived through unit and cross-unit planning, augmented by transparency, soliciting ideas, and formal consultation with faculty, staff, students, and community**
- **Process is both decentralized and integrated, began in 2008-09, and will continue over the next three years**
- **Uncertainty about the external environment and commitment to consultation coupled with the above factors in an iterative process that may seem “messy” at times**

Communications

- **Each member of our community is responsible to become an informed participant in this process**
- **Communication, commitment to our values, and the courage to make the decisions which will best position MSU for the future, will best assure our success**
- **Additional information at the LEAD session on September 17 and on the Web:**

**shapingthefuture.msu.edu
(available September 3)**

**For Budget and Financial Background
budget.msu.edu**

Conclusions

- **We are now asking much of a university community that already has experienced difficult times**
- **However, as stewards of a great university – serving as the link between past achievements and future promise – we are required to redouble our efforts**
- **I sincerely appreciate your engagement during this defining time and pledge my support to assure MSU continues as one of the finest universities in the world**