

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Received by the
Regents
November 21, 2013

ITEM FOR INFORMATION

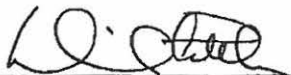
Subject: UM – Dearborn Response to the Fiscal Year 2015 Budget
Development Letter from the Michigan State Budget Office

Background:

As in recent years, the State Budget Office has made invitation to universities to respond in a letter to questions that would enable them to better understand the strategic challenges and opportunities facing Michigan's public universities. The office requested specific input related to the university's progress on the state's funding formula metrics, on the current achievements and future plans for cost containment, on outreach to U.S. Armed Forces veterans on campus, on strategic plans for the mission of the university and future enrollment in light of the State's declining K-12 enrollments and workforce transformation.

As this year's request was not in the form of a substantive budget request, and confirms the strategic direction that has been established with the Board of Regents, we responded with a letter on November 1, 2013, as requested, and provided herein as an item for information.

Respectfully submitted,



Daniel Little, Chancellor
University of Michigan-Dearborn

November 2013

Attachment

DANIEL LITTLE
CHANCELLOR



OFFICE OF THE CHANCELLOR
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DEARBORN, MICHIGAN 48128-1491
313 593-5500 FAX: 313 593-5204

November 1, 2013

Mr. John Nixon
State Budget Director
State of Michigan
111 South Capitol
Post Office Box 30026
Lansing, Michigan 48909

Dear Mr. Nixon:

The University of Michigan-Dearborn is pleased to submit our response to the state's request for information related to the fiscal year 2015 budget process. We recognize and appreciate that this request allows for solicitation of more detailed information in an attempt to better understand the strategic challenges and opportunities facing our public universities. It is crucial to UM-Dearborn's success that the state budget model best supports and rewards universities that significantly contribute to student success and our state's economy.

Funding Formula Progress

Critical Skills Degree Completions

UM-Dearborn reported 356 critical skills degree completions in the Performance Metrics for the fiscal year 2014 state budget. During the 2012-2013 academic year, this number has grown by 28 percent to 456 undergraduate degrees. UM-Dearborn also conferred 179 master's degrees and one doctoral degree in the critical skills area.

Aside from strategic enrollment strategies, much of this growth can be attributed to the creation and implementation of a campus budget model that best supports market-based critical skills degree programs, as well providing incentives for enrollment growth. Over the last two years, the university's College of Engineering and Computer Science (CECS) has experienced over a 27 percent enrollment growth, providing a great model for how our budgeting system supports effective market-based programs. We project continued growth in bioengineering, biological sciences and mechanical engineering. Meanwhile, our facilities and master-planning focus will ensure support for science, technology, engineering and math (STEM) needs, as well as other critical skills programs.

Another impactful strategy expected to increase the number of critical skills degree completions addresses academic programs. The university recently implemented a strategic shift in its School of Education (SOE) that will allow for growth in health- and human services-related degrees. One-third of our incoming students indicate interest in health-related fields, and rigorous market research reveals the future of healthcare education will be interdisciplinary, with a demand for non-clinical-based programs. In response to student and industry needs, this past summer the SOE transitioned to the College of Education, Health, and Human Services (CEHHS). The transition allows the university to offer programs that link teacher preparation with health education and other health-related fields without adding a fifth college. The university utilized existing faculty, facilities and resources in order to establish CEHHS.

The college now will be able to offer degrees in fields that will grow the number of critical skills degrees while also providing a talent pipeline to southeast Michigan's health and human services industry.

Six-Year Graduation Rate

UM-Dearborn has the seventh-highest six-year graduation rate among all 15 Michigan public universities, at 52 percent. The university has goals that include retention of 83 percent of first year students and an increase in the six-year graduation rates of six percentage points.

UM-Dearborn's current six-year graduation rate is less than the national average by approximately 4 percent. However, a significantly higher percentage of our students are ultimately successful. National Clearing House data show that 86 percent of our first-year students complete their degree in six years either at UM-Dearborn or elsewhere or are still enrolled, and 89 percent of our transfer students complete their degree in six years at UM-Dearborn or elsewhere or are still enrolled.

UM-Dearborn recognizes the challenges its students face while working toward a degree. With first-generation students comprising over half of the student body and 32 percent of first-year students working at least 16 hours per week, the university has developed programming to provide direct support to its students to ensure their success. For example, the new Student Success Alliance (SSA) is working to maximize the impact of all student success services. The SSA supports supplemental instruction in math and science. Our Writing Center is also available to all interested students. Furthermore, as the university implements new programs and expands upon existing ones, we aim to increase enrollment and retention through these efforts, which ultimately will improve graduation rates.

Total Degree Completions

UM-Dearborn conferred 1,661 degrees during the 2010-2011 academic year. During the 2011-2012 academic year, this number grew by more than five percent to 1,751. Central to the university's mission, the growth in total degree completions mirrors efforts to increase the six-year graduation rate.

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In addition to providing students with the necessary tools to succeed, the launch of CEHHS is expected to increase both the total number of degree completions and critical skills degree completions. Additionally, the university has invested resources in new programs in bioengineering and engineering, both of which have experienced significant enrollment growth. Finally, the current renovation of the Science Building will increase the university's ability to grow enrollment and produce additional STEM-related degrees. Renovations are expected to be completed by fall of 2016.

Institutional Support as a Percent of Core Expenditures

UM-Dearborn is committed to containing costs and implementing efficient models to deliver education. The university comes in below the top 20 percent of our national Carnegie peer group (UM-Dearborn - \$2,374 / Carnegie peer - \$1,291 per student) in administrative spending per full-time equivalent student. However, our internal projections indicate this metric improving next year due to the university's cost containment initiatives. The latest update to the Business Leaders for Michigan dashboard shows UM-Dearborn allocates more funding (\$8,291 per student) toward student instruction than the top 20 percent of our national Carnegie peer group (\$7,727 per student).

As requested, we have summarized cost containment initiatives and performance later in this letter. These continued efforts will enhance performance in this category and ultimately will be better realized through sustained enrollment growth in the coming years. The university also initiated a year-long implementation of improved classroom utilization campus wide, which supports enrollment growth with fewer classrooms. The program also supports financial efficiency, while focusing on academic programming.

Funding Formula: Moving Forward to Best Support our Students

Moving forward, it is the university's recommendation that performance metrics be updated to better recognize transfer students. As you know, transfer students are very important to the university, and more than half of our undergraduate students transfer from community colleges and other four-year universities. This is typical of institutions in our Carnegie classification. Thus, when evaluating the university's ability to provide a valuable undergraduate experience, the Governor and Legislature also might consider using the Student Achievement Measure (SAM) project consisting of all 15 Michigan public universities, with support of the Business Leaders of Michigan, which is a more comprehensive and transparent measure of college student progress and degree completion. Overall, it is UM-Dearborn's belief that universities should be recognized if they contribute to a student's academic success, whether in the home institution or elsewhere.

Cost Containment and Institutional Budgeting

The university is continuously searching for ways to cut costs without jeopardizing an affordable quality education for our students. Since 2009, we have saved over \$3.3 million thanks to various initiatives. In fiscal year 2014, we target up to an additional \$400,000 in savings as a result of several campus initiatives, including a new food service contract and energy conservation. In FY15, we are targeting up to \$500,000 in additional cost savings due to planned administrative and staff reorganization, and by creating shared administrative service hubs in the following areas: information technology, graduate recruitment administration, and online learning administration, all of which are currently decentralized. These areas were selected for reorganization because they directly impact enrollment growth and student service.

Strategic Planning

Our total enrollment for the fall of 2013 was 9,003 and our top five programs by enrollment are:

- Undergraduate (representing 32 percent of all undergraduate programs):
 - Biological Sciences
 - Psychology
 - Business
 - Mechanical Engineering
 - Criminal Justice

- Graduate (representing 40 percent of all graduate programs):
 - Mechanical Engineering
 - Business Administration
 - Electrical Engineering
 - Automotive Engineering
 - Public Administration

In five years, we project total enrollment to be 10,000 (based on a two percent increase each year). We predict that our top five programs will be the same, as listed above, with the exception of criminal justice, which is expected to give way to computer and information science.

Over the next five years, our projected highest-growth programs include:

- Undergraduate:
 - Accounting
 - Bioengineering
 - Biological Sciences
 - Mechanical Engineering
 - Digital Marketing
 - New programs in CEHHS

- Graduate:
 - Automotive Engineering
 - Mechanical Engineering
 - Electrical Engineering
 - Energy Systems Engineering
 - New programs in CEHHS

UM-Dearborn's Evolving Mission

UM-Dearborn strongly believes that a university needs to be an active partner in addressing the challenges its community faces. We seek to utilize university resources to address the needs of southeast Michigan. We aim to achieve a major impact in meeting the talent and innovation needs of our region's evolving economy, environment, and culture.

One example of our evolving mission is our ability to react and adapt to the needs of industry partners across southeast Michigan. An important example of this is the creation of CEHHS to provide growth in health- and human services-related degrees. Another pressing example is an industry shortage of four-year graduates with engineering and STEM degrees in southeast Michigan. The university has responded by obtaining support from the state to fund a complete renovation of our Science Building, which will allow for a state-of-the-art facility and increased programming to help attract, retain and graduate students. However, other campus buildings need to be updated in order to best prepare students for careers after graduation. One example is the Engineering Laboratory Building (ELB), which is outdated and not equipped to handle sustained growth required by industry. There is an urgent need to fund a major renovation or replacement of the ELB, not only because of 27 percent enrollment growth in CECS over the last two years, but also to meet the demand for engineering and STEM graduates. It is crucial that the university receives financial assistance from the state regarding its capital project-funding request for the ELB.

Another key strategy for the university and our students is working with businesses in southeast Michigan. UM-Dearborn currently partners with over 1,000 companies providing more than 700 co-ops and internships for students. Additionally, the university provides Extended Learning and Outreach (ELO) and Continuing Education opportunities to nearly 20 local companies. Moving forward, an expansion in both areas will not only impact the business community, but also will provide invaluable learning experiences for our students.

Finally, UM-Dearborn students can take advantage of a new student-housing complex, built and operated by a private company that provides more than 500 beds across the street from main campus. Student housing offers a new opportunity to grow enrollment within Michigan, the midwest, and across the globe. As enrollment grows, there is an opportunity to work with the private sector to provide additional housing if needed.

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Veteran Outreach

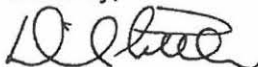
UM-Dearborn is committed to providing veterans with the necessary resources to obtain a college degree. The university is proud to be listed by *G.I. Jobs* magazine as a "Military Friendly School," which recognizes the top 15 percent of universities that embrace America's veterans as students. This designation was awarded because of our systematic approach to supporting veterans on our campus. This includes a "Veteran Success Team," led by a new Veteran Affairs coordinator, creation of a Veteran's Affairs Office, a Student Veterans of America organization, and special orientation and communication programs for our veterans.

Furthermore, this past summer University of Michigan Regents changed the university's residency policy to provide all active military personnel and veterans with in-state tuition. UM-Dearborn has also recently changed its refund policy to better support veterans.

Finally, UM-Dearborn is committed to helping active military service members. The university recently received a \$50,000 grant from Ford Motor Co. to provide a web-based computer networks and security undergraduate certificate program for U.S. military personnel. This supplemental education program will be streamlined and targeted to the unique needs of veterans returning or relocating to Michigan after completion of military service, resulting in the creation of a pipeline of skilled workers who are prepared for immediate employment and ready to meet our state's workforce needs. The program will deliver an innovative employment-centric curriculum to nontraditional students, thereby increasing the number of military personnel with formal higher education. It is our hope that a successful program will allow for a larger, more robust program moving forward.

I appreciate the opportunity to provide additional details surrounding the success of UM-Dearborn and our students. If you have any questions, or would like further details, please do not hesitate to call me.

Sincerely,



Daniel Little
Chancellor

Cc: Mike Boulus, Presidents Council, State Universities of Michigan
Bill Bowerman, Senate Fiscal Agency
Kyle Jen, House Fiscal Agency
Office of Education and Infrastructure