

THE UNIVERSITY OF MICHIGAN-FLINT
Regents Communication

Received by the
Regents
November 21, 2013

ITEM FOR INFORMATION

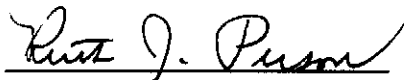
SUBJECT: FY 2015 response to the Budget Development Letter from the
Michigan State Budget Office

BACKGROUND:

As was the case last year, the State Budget Office asked the universities to respond in a letter with an assessment of the current year's performance funding metrics and suggestions for modification that could be considered in the development of the state's fiscal 2015 budget recommendation. In addition, the budget office specifically asked for details about efforts to control costs in fiscal 2014 and the university plans for new cost control initiatives in fiscal year 2015 and beyond.

As this year's request was not in the form of a substantive budget request, and given the condensed timing to meet the deadline, we responded with a letter on November 1, 2013, as requested, and provide herein as an item for information.

Respectfully submitted:



Ruth J. Person, Chancellor
University of Michigan-Flint

November 2013

Attachment



November 1, 2013

Mr. John E. Nixon
State Budget Director
State of Michigan
111 S. Capitol
P.O. Box 30026
Lansing, MI 48909

Dear Mr. Nixon:

I am pleased to submit the requested financial and program information on behalf of the University of Michigan-Flint as your office begins to prepare the Fiscal Year 2014-2015 state budget.

Funding Formula Progress

Metric 1 – Critical Skills Undergraduate Completion

The University of Michigan-Flint launched a new initiative during the 2012-2013 academic year to significantly increase its program offerings and degree completion rates in the critical skills area. In accordance with our 2011-2016 Strategic Plan the Provost appointed a Science, Technology, Engineering, and Mathematics (STEM) Task Force with the explicit charge of identifying strategies to enhance and expand these critical fields. The Task Force completed its work and issued its final report in July 2013. The Task Force made a number of recommendations in seven distinct areas in support of expanding the STEM fields. The University has begun implementing several of the recommendations in addition to adding three new biology and chemistry laboratories and renovating existing science laboratories through the recently approved Murchie Science Laboratory Building Capital Outlay Project.

Another significant initiative that was launched last year was the offering of our RN to BSN Nursing program at Alpena Community College. This program complements our three other Nursing programs that we offer on-site at community colleges in Port Huron, Lansing and Harper Woods.

Our Engineering faculty has been very active in expanding their programs and enrollments and our engineering and technology programs have experienced significant increases in recent years. A specific initiative launched last year was the offering of two new pre-engineering dual-enrollment programs, one at Hartland Community Schools and a second one at Utica Schools District. These programs are offered by our faculty and provide students with 12 transferable credit hours of pre-engineering and technology classes. They are intended to serve as pipeline programs. The Hartland program has been very successful and we have been asked to double the number of programs. The Utica program is evolving and has a strong future promise.

We also started offering a medical accelerated dual-enrollment program at Hartland, intended to encourage high school students to pursue programs in health professions after graduation. This complemented our existing program at Lapeer Community Schools which we have been offering over the past four years.

Metric 2 – Six-year Graduation Rate and Total Degree Completion

Student persistence and graduations are among the highest priorities at the University of Michigan-Flint and we have taken a number of steps to improve these metrics as well. For instance, during academic year 2010-2011 a Task Force was formed to determine strategies for improving our students' success. This task force completed its work at the end of the academic year and recommended to the University administration and faculty the creation of a "Student Success Center." Implementation of the Task Force's primary recommendation was begun in academic year 2011-2012. As a part of this process, the University moved the Office of Academic Advising and Career Center from the Division of Student Services to Academic Affairs. The newly established Student Success Center has been charged with developing and implementing strategies to increase students' persistence (retention) and graduation. The oversight of the Center has been elevated to the level of associate provost and dean of undergraduate studies. Preliminary results are very promising with fall 2013 first-year to second-year retention rate increasing by 5%, reaching a historic level of 79.9%.

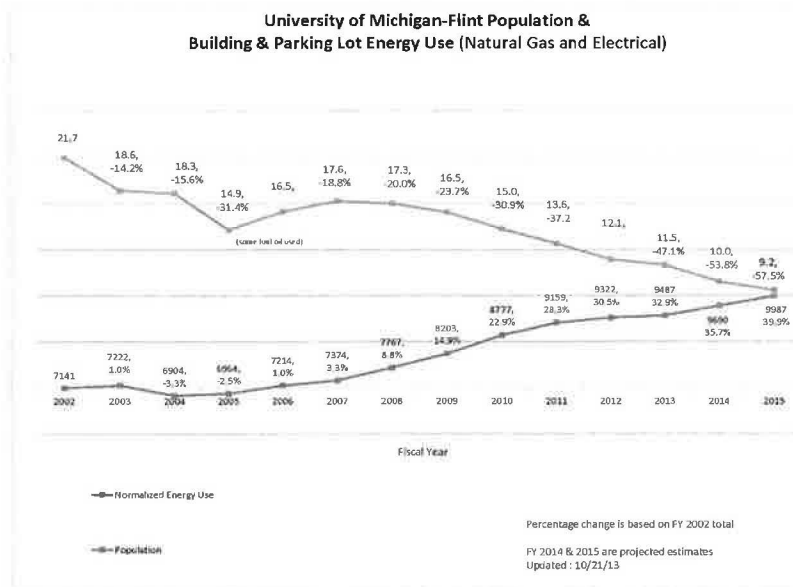
The University also consistently engages in strategies to improve graduation and degree completion. Examples include regular review of academic course offerings during fall and winter semesters, and augmenting them with spring and summer semesters to ensure students have the classes they need to complete their degrees. Further, the University offers a robust set of courses and degrees in online and hybrid modalities to assist our students who have complex lives or must maintain outside employment to support their family and/or themselves. Another example is that for the past 10 years the university has increased its budget for the general fund portion of financial aid at a rate at least 2% higher (and sometimes more) than the rate of that year's tuition increase to assist our most needy students.

Cost Containment and Institutional Budgeting

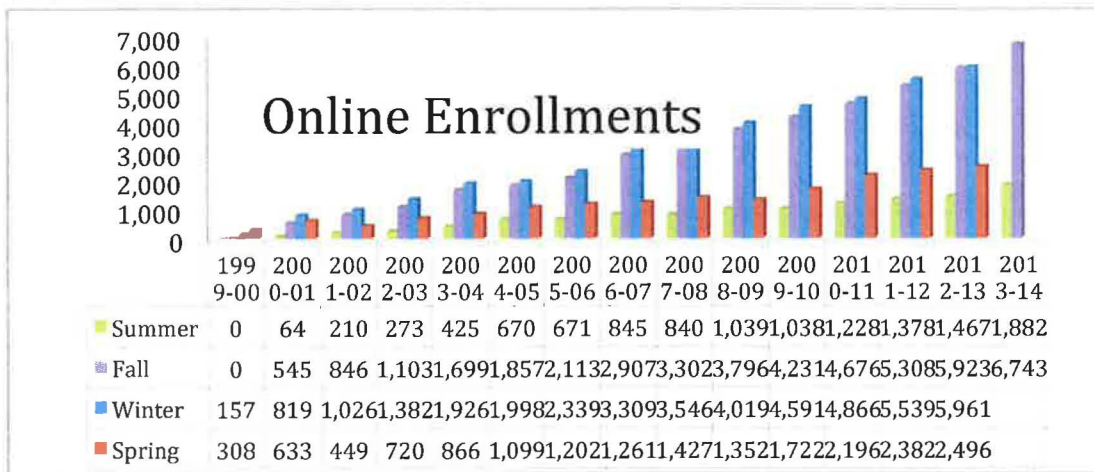
The University of Michigan Flint has strategically implemented over the past decade a number of direct and indirect cost containment and labor saving strategies, while at the same time strategically growing total student enrollment from 6,152 students in Fall 2003 to 8,855 in Fall 2013 to help offset declining state support. This measured, ongoing, incremental approach to cost containment coupled with viewing cost containment as a journey and not a destination has allowed the university to keep undergraduate tuition relatively modest in recent years, 3.6% and 3.5% respectively in FY2012-13 and FY2013-14.

More specifically, the University of Michigan-Flint has implemented a number of effective, ongoing long-term direct and indirect cost control strategies in response to reductions in the level of state support during this past decade, including some shared services within the University of Michigan's three campus system and the State of Michigan. These ongoing cost containment efforts include:

- Participating in the State of Michigan Higher Education Purchasing Consortium in an effort to leverage purchasing power and reduce utility expense. The university also make strategic purchases of natural gas when market conditions are favorable, purchasing natural gas futures 18-24 month in advance
- Retro-fitting, installing new, and converting various mechanical, electrical, and plumbing systems to reduce energy consumption and the university's carbon footprint, as well as using technology to reduce or forgo additional labor cost --- with a strong focus on projects that have a one to four year payback period. One example is below, related to natural gas and electrical usage over time compared to campus population (students, faculty, staff):



- Re-engineering executive officer areas, schools and college budget processes and practices
- Replacing and adding only positions deemed critical to the central mission of the University
- Increasing use of larger class sizes, where appropriate
- Reviewing, assessing and evaluating academic programs
- Reducing course offerings based upon low class enrollment, where appropriate
- Increasing level of sophistication with regard to comprehensive strategic planning and more efficient use/sharing of campus space, including classrooms and library space
- Increasing the frequency and use of data driven decision making across the university, over time
- Implementing a shared service agreement with State of Michigan to co-own through a condominium agreement the University Pavilion parking ramp (ownership: state - 2/3rd/university - 1/3 creating 336 student designated parking spaces. And, in 2008 initiated a collaborative ramp management agreement with the state, which resulted in a \$140,000/year savings for the state, as well as a savings for the university.
- Offering online classes to slow the appetite for additional on-campus classroom construction while at the same time strategically growing total enrollment



- Requiring higher health-care and benefit contributions for faculty and staff and reduced university contribution toward retiree health benefits. *Increased retirement contributions by faculty and staff are under consideration by the University of Michigan system.* In addition, the University of Michigan MHealthy initiative is actively promoting exercise and healthy eating habits among employees on all three campuses to promote healthier living and reduce healthcare costs.
- Eliminating and/or consolidating, where appropriate, administrative support personnel. For example, in June 2013 the School of Management initiated staff restructuring to save costs. As part of this restructuring, a departing staff member's (director) responsibilities were redistributed among other staff based on functions to improve efficiency and reduce bureaucracy, leading to costs savings over \$100K/year
- Deferring some non-critical repair and maintenance
- Freeing up space for other strategic uses by implementing an annual April Spring Clean-up/Shredding Month, which occurs in conjunction with our Flint College Town Recycle Competition.
- Scrutinizing more carefully the rate of return with regard to marketing/recruitment expenditures and efforts
- Converting student records to electronic format by some departments
- Sponsoring by Chancellor a new leadership program titled LEAD, designed to enhance managerial and supervisory capabilities and leadership skills
- Outsourcing some non-core functions to reduce operating costs, e.g. campus bookstore, food service, credit card processing, and tenant lease management.
- Implementing in 2006 a budget system which provides financial incentives to strategically increase college and school enrollment and decentralizes responsibility for financial management decisions to major campus units. Academic units now have a direct financial incentive to engage in planned strategic enrollment growth.

Going forward, the University of Michigan Flint's campus cost containment efforts will continue to focus on what we have been successfully doing for many years, along with these new FY2014 and FY2015 initiatives:

FY2014

- Central Energy Plant Boiler Replacement Project, \$250,000 anticipated annual energy savings, plus one-time \$54,000 Consumers Energy incentive return check

- William White Building and North Bank Center Retro- Commissioning, \$40,100 anticipated annual energy savings, plus one-time \$17,000 Consumers Energy incentive return check
- University Pavilion Chiller Replacement, \$30,000 anticipated annual energy savings, plus a one-time \$18,000 Consumers Energy incentive return check
- Conversion of F.W.T. Library Building (109,750 sqft) to a Classroom Building (where the library will continue to reside but will likely require less square footage over time as technology changes the landscape for libraries.) Therefore, the \$300,000 investment by the university to meet State of Michigan classroom fire code requirements, potentially, will save the university millions of dollars in new construction and/or renovation and operating costs, as we look 3-5-7 years into the future.

FY2015

- Indoor Lighting Retro-Fit (as part Murchie Science Laboratory Building Capital Outlay Project, \$30,000 anticipated annual energy savings, plus one-time \$20,000 Consumers Energy incentive return check
- Continuation of outdoor lighting retro-fits, \$15,000 anticipated annual energy savings, plus one-time \$20,000 Consumers Energy incentive return check
- Fume Hood Replacement Project (as part Murchie Science Laboratory Building Capital Outlay Project) , \$30,000 anticipated annual energy savings, plus one-time \$22,500 Consumers Energy incentive return check

Strategic Planning

A. FY13 Enrollment in top five programs

Semester	Headcount	Credit hours
Summer 2012	2,048	8,673
Fall 2012	8,289	85,233
Winter 2013	8,007	81,552
Spring 2013	3,391	17,577
Total	21,735	193,035

Our top five academic programs based upon the number of declared undergraduate majors in fall 2012 were as follows:

Major	Number of students
Nursing	1,365
Business	910
Biology	490
Education	362
Psychology	349

B. Next Five Years

Our 2011-2016 Strategic Plan – Excellence by Design, calls for an average enrollment increase of approximately 4% per year, taking our fall 2012 enrollment of about 8,300 students to close to 10,000 students by 2016. This is a rather ambitious goal and without additional financial resources needed to expand our recruitment regions might not be possible.

We believe 3% enrollment growth per year is more realistic over the next three to five years. Accordingly, we forecast the following enrollment estimates over the next five years:

<i>Projected Fall</i>	
<u>Academic Year</u>	<u>10th day head count</u>
2013-2014	8,600
2014-2015	8,820
2015-2016	9,050
2016-2017	9,280
2017-2018	9,500

We project the strong demand for nursing and business to continue. We also believe that life sciences such as biology and biochemistry will continue to remain popular.

Demand for science, technology, engineering and mathematics (STEM fields) is anticipated to increase, particularly because STEM fields are among the top priorities for UM-Flint and recruitment in these fields is anticipated to increase. In fact, engineering and computer science are currently among our fastest growing programs.

C. Mission

The University of Michigan-Flint identifies itself as an “urban” institution, responsive to the needs of its constituents, particularly those of our local and regional stakeholders. As such, through regular planning processes we examine our mission and attempt to align it with the changing needs of our constituents. For instance, in response to the declining K-12 enrollments especially in Genesee County, we have expanded our recruitment region to several other adjacent counties. Further, we have introduced dual-enrollment programs onsite at community schools in Lapeer, Livingston and Macomb counties. We have added additional resources in the form of classroom space to our own Genesee Early College (GEC), a five-year high school with the focus in health professions.

In response to Michigan’s workforce transformation, we have expanded our programs in health professions and business. We have also completed a study to significantly expand our STEM fields. In addition, we are increasing our support for experiential learning including student research and internships. These efforts will collectively prepare our students well for their careers for many years to come.

Veteran Outreach

Outreach to military and veteran students began in 2009 with the formation of a veteran support team at the University of Michigan-Flint. The team consisted of faculty and staff from several areas of academic and student affairs. The Student Veterans Resource Center opened in the fall 2009 semester as a result of the work done by the support team.

As part of the initiative, a Veterans Admissions Coordinator was also hired as part of the program. The School Certifying Official, responsible for processing VA educational benefits for the university, was also relocated to the Student Veterans Resource Center to further support comprehensive services. Since that time, the Student Veterans Resource Center has expanded its physical space on campus to further accommodate staffing and student needs. Currently the Student Veterans Resource Center houses the Veterans Admissions Coordinator, the Veterans Services Coordinator, a VA employee to assist local veterans with the Vocational Rehabilitation program, and three VA work-study students who assist with office operations.

From the time of inquiry with the University of Michigan-Flint, students are immediately connected to the Veterans Admissions Coordinator. This allows the

veteran to establish a primary point of contact with the university to answer questions, or assist with the facilitation of various processes necessary for enrollment. During this time, veterans can discuss the transfer of their college or university transfer coursework, as well as credit recommendation based on their military training as listed on the Joint Services Transcript. The inquiry form and contact information for veterans is available on the Office of Admissions website and also directs service members and veterans to the Student Veterans Resource Center website.

During the application and inquiry process, service members and veterans receive support with utilizing VA educational benefits, or tuition assistance programs, use of federal financial aid, and academic advising. All of these measures are taken during this phase to help the prospective student veterans and service members become familiar with benefits and services available.

All service members and veterans are welcomed to a Veterans Orientation Program. The orientation provides information specific to the military and veteran population. Topics include using financial aid, VA benefits, scholarships, technology programs, tutoring, and Counseling, Accessibility, and Psychological Services (CAPS) available at the University of Michigan-Flint.

Our outreach efforts span across the United States and the globe. We participate in education fairs with the various branches of the military, events with the Michigan National Guard, and the Leadership Scholar Program with the United States Marine Corps. We have also been designated as one of only 16 colleges and universities in the United States to be a University Partner with the Pat Tillman Foundation, which provides scholarships for service members, veterans, and spouses.

As students continue their progress toward a degree, we offer many other programs and services to support their academic pursuits. Each fall we host a scholarship writing workshop. We offer a Peer Advising for Veterans Education (PAVE) program that is coordinated with the Military Support Programs and Networks through the University of Michigan. Chancellor Ruth Person has also dedicated funds received from the sale of the University of Michigan-Flint license plates to fund scholarships for student veterans.

Policies have also been put in place to reduce financial issues that may result from delayed educational program payments. The University of Michigan-Flint releases all appropriate grants, loans, and scholarship funds to students using the Post-9/11 GI Bill, even in cases where the tuition payment has not yet been received by the VA. All late fees associated with delayed VA payments are also waived if payment is received after the tuition payment deadline. These are a few examples of steps that have been taken to relieve outside barriers that may impact a student's focus on their academic work and it also supports the transition process of service members and veterans.

Our student veteran population has grown 80.7% since the fall 2008 semester. It should be noted that prior to fall 2010, veteran enrollment was recorded based on veterans using VA education benefits. Beginning in the fall 2010 semester, veterans and service members were able to self-identify on the admission application regardless of their use of VA education benefits. This allows us to more accurately record the number of veterans we have receiving services on our campus. The recorded veteran enrollment for the fall 2013 semester is 249 students, with \$1,447,400 in GI Bill funds received by the University of Michigan Flint the previous fiscal year, FY2012-13. The University of Michigan-Flint includes active duty service members, veterans, National Guard and Reservists in our veteran population. All services are also available to spouses and dependents of veterans.

A Significant Service Members and Veterans Issue and Its Resolution:

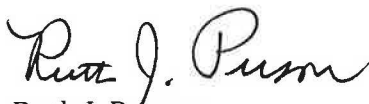
Out of State Tuition Issue: (Excerpt from July 13, 2013 Regents' Action Item)

"In the past, for active duty service members, the issue of out-of-state tuition costs was an issue. The typical tuition assistance rate for active duty service members is \$250 per credit hour. The out-of-state tuition rates far exceeded the tuition assistance rates. For veterans who were not eligible for in-state rates, some were eligible to use the Yellow Ribbon Program. This program, however, is only available to veterans who are eligible for 100% of the Post-9/11 GI Bill, and thus did not cover all veterans.

In July 2013, the University of Michigan Board of Regents revised the In-State Tuition Guidelines with consideration for service members and veterans. The new policy extends in-state tuition rates to active duty service members and veterans who have been honorably discharged or have received a general discharge under honorable conditions. The full policy and guidelines are available on the Residency Classification website. The policy revision has significantly improved access to the University of Michigan-Flint programs for active duty service members. It also decreases the time and documentation needed to apply for the in-state rates under the Service guidelines."

If you have any questions, please do not hesitate to contact me directly.

Sincerely,



Ruth J. Person
Chancellor