U-M’s stature reflects 200 years of sustained investment and careful stewardship.
Recommended Budget: Key Priorities

- Academic Excellence: Strategic investments to preserve and enhance academic excellence
- Access and Affordability: Financial aid investments to ensure an affordable education for Michigan families
- Fiscal Discipline: Continued commitment to aggressive cost containment and use of alternative revenue sources
U-M offers a one-of-a-kind experience

<table>
<thead>
<tr>
<th>265+ areas of study and over 100 minors</th>
<th>60% of Classes with Fewer than 20 Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 600 Global Initiatives Worldwide</td>
<td>Undergraduate Research Opportunities</td>
</tr>
<tr>
<td>45% Participation</td>
<td>46% Participation</td>
</tr>
<tr>
<td>Civic &amp; Community Engagement Opportunities</td>
<td>Internships &amp; Experiential Immersion Projects</td>
</tr>
<tr>
<td>56% Participation</td>
<td>80% Participation</td>
</tr>
</tbody>
</table>

And many more opportunities!
This budget proposal includes significant investments to enhance the student experience.
EXAMPLES:
• Foundational Course Initiative
• Small Class Initiative
• LSA Opportunity Hub
• Expanded Problem Solving Initiative

Strategic investments to preserve and enhance academic excellence
EXAMPLES:
• Faculty Hiring in High Demand and Strategic Areas
• World Class Library
• Interdisciplinary Areas of Excellence, such as:
  – Biosciences
  – Sustainability
  – Poverty Solutions

Academic Excellence

Strategic investments to preserve and enhance academic excellence
Federal benchmarking shows U-M is an excellent investment.

- Average Annual Cost (Net Price):
  - National Average: $16,127
  - U-M: $15,787

- Graduation Rate:
  - U-M: 90%
  - National Average: 42%

- Salary After Attending:
  - U-M: $57,400
  - National Average: $33,500

*Department of Education College Scorecard*
Our students tell us that U-M is an excellent investment

“I am a part of two research projects, I am traveling to two countries this summer, I have access to professors and graduate students, the courses are rigorous and interesting. I believe U-M has matched my personal desires for a University, and I couldn't imagine myself anywhere else. The prestige that comes with this University is worth every penny.”

— U-M Junior, 2015 UMAY Survey
Strategy is focused on increased grant aid to minimize loan burden.

Financial aid investments to ensure an affordable education for Michigan families.

Increase Grant Aid

Minimize Loan Burden

Ten-Year Compound Annual Growth Rate (through FY 2017)

<table>
<thead>
<tr>
<th></th>
<th>General Fund Financial Aid Budget</th>
<th>In-State Tuition Rate</th>
<th>Out-of-State Tuition Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Rate</td>
<td>11.3%</td>
<td>4.0%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

FY 2018 Budget Proposal includes 9.5% increase in need-based financial aid.
Our strategy has yielded positive results

- Students are graduating with lower debt
- Students with financial need pay less today than ten years ago
- Average net price compares favorably to key competitors
U-M Commitment to Michigan Families

• About 70% of in-state students receive some form of financial aid
• That aid significantly reduces the cost to attend – tuition, room/board, books/other costs
• Institutional aid makes U-M affordable for Michigan families but we struggle with getting the word out

“We meet full demonstrated financial need for all in-state students”

“But, what will my family pay”
New Ann Arbor Campus “Go Blue Guarantee”

Applies to half of the families in Michigan:

- Michigan residents with family income $65,000 and under
- Ann Arbor campus

EFFECTIVE JANUARY 2018
Benchmarking with peers illustrates the scope of U-M’s leadership on cost containment.

**Administrative Costs** Per FTE Enrollment
(in constant 2015 dollars)

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>U-M</td>
<td>$3,402</td>
<td>$4,518</td>
</tr>
<tr>
<td>U-M Peers (Median)</td>
<td>$6,426</td>
<td>$10,264</td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)
2006 figures adjusted for inflation using ECI

Fiscal Discipline

Continued commitment to aggressive cost containment and use of alternative revenue sources
Budgetary Impact of Cost Containment

For Comparison: FY 2017 State Appropriation = $309M
Fiscal Discipline

Continued commitment to aggressive cost containment and use of alternative revenue sources

FY 2018 budget proposal includes $24M additional General Fund savings

Examples:

- Closure of the model factory within the Tauber Institute of Global Operations
- Endowed professorships shift faculty costs from General Fund to Distributions from Endowment
- Victors for Michigan Campaign will generate new resources for student support, engaged learning, and collaborations to serve the public good
State Appropriation

- $314.6 million for Ann Arbor Campus
- Increase of $6.0 million, or +1.9% over FY 2017
- FY 2018 appropriation is equivalent to:
  - FY 1998 in nominal dollars
  - FY 1965 after adjusting for inflation
State support lags behind other states in both operating appropriation and direct aid to students.

**State Appropriation per Total Student FTE, 2014-15**

- SUNY Stony Brook
- U North Carolina
- SUNY Buffalo
- Rutgers
- U Maryland
- U Florida
- Texas A&M
- UC Davis
- UCLA
- U Minnesota
- U Wisconsin
- U Kansas
- Georgia Tech
- UC-San Diego
- UC Berkeley
- U Iowa
- UC-Irvine
- Purdue
- UC-Santa Barbara
- Iowa State
- U Arizona
- Ohio State
- U Massachusetts
- U Texas
- U Washington
- U Illinois
- U Indiana
- U Michigan
- U Oregon
- U Arizona

**Average State Grant/Scholarship Aid Received by New Freshmen, 2014-15**

- UC Irvine
- UC-Santa Barbara
- UC Davis
- UC-San Diego
- UCLA
- U Washington
- Georgia Tech
- UC Berkeley
- U Virginia
- Rutgers
- Indiana
- Purdue
- Iowa State
- U Illinois
- U Minnesota
- U Arizona
- SUNY Stony Brook
- Texas A&M
- U North Carolina
- SUNY Buffalo
- U Iowa
- U Pittsburgh
- U Florida
- Penn State
- U Maryland
- U Colorado
- U Texas
- U Missouri
- U Wisconsin
- U Oregon
- Ohio State
- U Arizona
- U Kansas
- Michigan State
- Michigan

Total Student FTE includes all undergraduate, graduate and professional student enrollments and are 12-month, full-time equivalent (FTE) figures as reported to IPEDS.

The calculation of average state/local grant aid received by full-time, first-time undergraduates is based only on students who received such aid.
### U-M Ann Arbor Recommended FY 2018 Tuition and Required Fees

<table>
<thead>
<tr>
<th>UNDERGRADUATE:</th>
<th>% Change</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-State</td>
<td>2.9%</td>
<td>$424/year</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>4.5%</td>
<td>$2,066/year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRADUATE:</th>
<th>% Change</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-State</td>
<td>4.1%</td>
<td>$902/year</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>4.1%</td>
<td>$1,810/year</td>
</tr>
<tr>
<td>Candidate</td>
<td>4.1%</td>
<td>$486/year</td>
</tr>
</tbody>
</table>

Dollar amounts shown represent the increase for most common lower division undergraduate rates and general Rackham graduate rates. A limited number of differential increases are also recommended for specific graduate programs.
U-M’s stature reflects 200 years of sustained investment and careful stewardship

<table>
<thead>
<tr>
<th>Category</th>
<th>Rank</th>
<th>University</th>
</tr>
</thead>
<tbody>
<tr>
<td>U-M Freshman Retention</td>
<td>#1</td>
<td>U.S. Public Research University</td>
</tr>
<tr>
<td>U-M Six-Year Graduation Rate</td>
<td>#4</td>
<td>U.S. Public Research University</td>
</tr>
<tr>
<td>U-M National Academy Members</td>
<td>#5</td>
<td>U.S. Public Research University</td>
</tr>
<tr>
<td>U-M Academic R&amp;D Expenditures</td>
<td>#1</td>
<td>U.S. Public Research University</td>
</tr>
<tr>
<td>U-M Top Ten Graduate Programs</td>
<td>#2</td>
<td>U.S. Public Research University</td>
</tr>
<tr>
<td>Prominent Awards to U-M Faculty</td>
<td>#3</td>
<td>U.S. Public Research University</td>
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</tbody>
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UNIVERSITY OF MICHIGAN BICENTENNIAL

1817 - 2017