

May, 2020

MEMO TO: MICU Board of Directors

FROM: Executive Committee:  
Sr. Peg Albert, MICU Treasurer

SUBJECT: Recommendation to Approve (Proposed) 2020-21 MICU Budget and Membership Assessments

### **FISCAL YEAR 2019-20 PERFORMANCE**

For the 2019-20 Fiscal Year, the MICU Board adopted a budget of \$1.193m. MICU staff is currently projecting a deficit of approximately \$68,000.

We had a number of factors that brought us to the deficit, most notable the investment losses due to COVID-19. Those investment losses make up \$60,000 (\$50,000 loss + \$10,000 budgeted gain) of the variance between the deficit and the zero-based budget for the fiscal year. Even though the remaining deficit is projected to be less than \$10,000, there were a few significant events that warrant explanation.

First, our Long-Term Disability/Life program contract expired and we were unable to come to terms with the vendor for a renewal. We have entered into a contract with a new vendor, but the revenue generated is 33% less than the previous contract (\$40,000 vs. \$60,000). This change in revenue affects the current year budget and next year's budget as well. Second, we incurred insurance requirements for the MICU Multiple Employer Pension Plan of \$25,000 that were not expected or budgeted for. Lastly, we anticipated a push to expand community college degree authority and budgeted heavy on legal expenses. Since the anticipated legislation did not materialize, we were able to save \$15,000.

A review of the remaining expenditures for the year proves unremarkable, with most line items above or below budget with the bottom line, minus investment losses, just below budget.

### **(PROPOSED) BUDGET FOR FISCAL YEAR 2020-21**

The (*proposed*) fiscal year 2020-21 budget is slightly lower than current year at \$1.184m. The budget does not include an increase in member dues. Revenue from member services is equal to last year in this budget at \$325,000. There are no changes in payroll for the coming year. We have trimmed a number of line items to reflect the slight loss of revenue and the increase in insurance expense. The final budget reflects a balanced budget. We believe the budget is appropriate and key to implementing and continuing our strategic plan and vision for MICU.

### **2020-21 MICU ASSESSMENTS**

The MICU 2020-21 Proposed Membership Assessments allocates the \$852,000 in budgeted Membership Dues revenue among the MICU Members utilizing the formula approved by the Board of Directors in 2015. The formula assesses \$1,000 per Member institution (regardless of number of campuses), \$25,000 in total, and allocates the remaining \$827,000 among the membership based on its

relative share of FTE. The new FTE factor will be approximately \$14.71 depending on final enrollment numbers, up slightly from last year's \$13.93. The attached dues spreadsheet shows MICU estimated dues by institution for the upcoming year.

The 2020-21 Membership Assessments will be divided into two installments; the first installment will be invoiced at the beginning of our fiscal year, July 1, 2020 and the second installment will be invoiced after January 1, 2021.

### **FORMAL ACTION**

The MICU Budget was developed by staff in consultation with the Executive Committee. At its April 22, 2020 meeting, the Executive Committee took formal action to unanimously recommend that the MICU Board of Directors approve the proposed Fiscal Year 2020-21 Budget and accompanying proposed Membership Assessments, as presented.

**MOTION: THAT THE MICHIGAN INDEPENDENT COLLEGES & UNIVERSITIES BOARD OF DIRECTORS APPROVE THE PROPOSED FISCAL YEAR 2020-21 BUDGET AND THE PROPOSED 2020-20 MEMBERSHIP ASSESSMENTS**