

May 16, 2018

MEMO TO: MICU Board of Directors

FROM: Executive Committee:
Michael LeRoy, MICU Treasurer

SUBJECT: Recommendation to Approve (Proposed) 2018-19 MICU Budget and Membership Assessments

FISCAL YEAR 2017-18 PERFORMANCE

For the 2017-18 Fiscal Year, the MICU Board adopted a budget of \$1,016,000 which included a (\$40,000) deficit spend to fund strategic initiatives set out in the Strategic Plan adopted by the Board along with the budget. It was the intent of the Board to continue the momentum created by the strategic planning process and fund the initiatives through the MICU Reserve Fund with the expectation of a future dues increase (see below) to fund the initiatives going forward. MICU staff is currently projecting a deficit of expenses over revenues of approximately (\$6,000) well short of the (\$40,000) budgeted.

We had a number of factors that brought us to the modest deficit. One was Kathy Hoag's departure. Kathy left in early fall and we did not bring in the new Director of Member Services, Shannon Price, until mid-spring. The savings to payroll was significant over the short run but since we replaced Kathy with a more expensive employee, compensation cost will increase going into the new fiscal year. Additionally, we had better than expected investment returns over the course of the year. We generally budget very modest investment income and this year was no exception, only projecting \$10,000 in investment income. We had, however, approximately \$30,000 in net investment income.

A review of the remaining expenditures for the year proves unremarkable with most line items marginally above or below budget.

(PROPOSED) BUDGET FOR FISCAL YEAR 2018-19

The (*proposed*) fiscal year 2018-19 budget of \$1.174m includes an increase in members' dues of 11% (\$80,000), for a dues total of \$838,000. MICU dues have remained relatively flat since 2005 (\$722,000) through the current year (\$746,000). MICU operations and activities however, have increased exponentially since 2013. The proposed dues increase is necessary and needed to fund expanded activities related to our strategic plan/vision and to meet our goals as an organization and sector. By way of example, the proposed dues increase (and the aligned budget) includes an additional \$40,000 of funding for the following strategic initiatives:

- Further expand lobbying efforts for the MTG and other student aid programing
- Establish and manage policy forum groups within the legislature
- Fund a Capital Investment Economic Report
- Annual purchases of proprietary data sets
- Development of metrics to measure strategic plan implementation and success

- Annual purchases of analysis software
- Website enhancement including data dashboard
- Graphic design work for public reports, one-pagers, website materials
- Enhanced member profiles and communications

Revenue from member services is budgeted at \$320,000. Budgeted increases in payroll reflect compensation adjustments for staff reviewed and approved by the Executive Committee. The final budget reflects a balanced budget. We believe the budget is appropriate and key to implementing and continuing our new strategic plan and vision for MICU.

2018-19 MICU ASSESSMENTS

The MICU 2017-18 Proposed Membership Assessments allocates the \$838,000 in budgeted Membership Dues revenue among the MICU Members utilizing the formula approved by the Board of Directors in 2015. The formula assesses a \$1,000 per Member institution (regardless of number of campuses), \$26,000 in total, and allocates the remaining \$812,000 among the membership based on its relative share of FTE. The new FTE factor will be in the \$13.50 range depending on final enrollment numbers. The dues spreadsheet shows a comparison of MICU dues by institution from current year and the result of the proposed increase. If an institution has a large increase (or decrease) in students, that will affect the final dues amount and the final FTE factor will be determined by the final overall enrollment.

The 2018-19 Membership Assessments will be divided into two installments. The first installment will be invoiced in the beginning of our fiscal year, July 1, 2018 and the second installment will be invoiced after January 1, 2019.

FORMAL ACTION

The MICU Budget was developed by staff in consultation with the Executive Committee. At its April 26, 2018 meeting, the Executive Committee took formal action to unanimously recommend that the MICU Board of Directors approve the proposed Fiscal Year 2018-19 Budget and accompanying proposed Membership Assessments, as presented.

MOTION: THAT THE MICHIGAN INDEPENDENT COLLEGES & UNIVERSITIES BOARD OF DIRECTORS APPROVE THE PROPOSED FISCAL YEAR 2018-19 BUDGET AND THE PROPOSED 2018-19 MEMBERSHIP ASSESSMENTS