

CHAPTER FOUR

Criterion Two:

Preparing for the Future



A. Introduction

Criterion Statement: The organization's allocation of resources and its processes for evaluation and planning demonstrate its capacity to fulfill its mission, improve the quality of its education, and respond to future challenges and opportunities.

"Today I'm calling for a new land-grant revolution, the next bold experiment – the land-grant university for the world. As a great public research university, one of the top 100 in the world, endowed with a difference – the great *land-grant spirit*, the great *land-grant heart* – Michigan State University accepts the mantle and the mace of leadership for this revolution."
- Dr. Lou Anna Kimsey Simon, The President's Address, Founder's Day 2005

Successfully preparing for the future requires not only paying attention to plans for the future, but also paying attention to present plans and realities, as well as past traditions, values, and heritages. Dr. Simon's [Presidential Address](#) at her first Founder's Day celebration exemplified this approach to preparing for the future. In equal measure, Dr. Simon celebrated the University's sesquicentennial and heritage as the first land grant university, lauded the University's present excellence while acknowledging changing fiscal realities and expectations for institutions of higher education, and called the University to a future marked by "the next bold experiment."

Core Component 2A focuses on the University's strategic planning processes as it plans for the future and seeks to fulfill its vision to be the land grant university for the world. **Core Component 2B** examines fiscal, physical, and human resources for their ability to meet the needs of the University now, in the near future, and in its plans for the more distant future. **Core Component 2C** demonstrates that the University is constantly evaluating these same resources, as well as its ability to fulfill its mission of teaching, research, and outreach and engagement.

Core Component 2D emphasizes the connections between the University’s planning and its mission, vision, and goals.

B. Core Component 2A – The organization realistically prepares for a future shaped by multiple societal and economic trends.

Michigan State University seeks to do more than simply prepare for the future; it seeks to lead higher education into an increasingly international, technological, and diverse future. In an institution as large and complex as MSU, planning must, and does, occur at every level, from departments to the Board of Trustees. It includes all University constituents: students, staff, faculty, administrators, alumni, partners, and community members at home in East Lansing, Michigan, the nation, and the world. This section focuses on various planning platforms across the University, especially those with long-range and widespread impact.

Current Strategic Planning

Boldness by Design

MSU reviews, revises, and renews its planning processes at appropriate intervals. The recent transition to a new President, a new Provost, and a new Vice President for Research and Graduate Studies provided the catalyst for a new strategic planning initiative. Unveiled at the Sesquicentennial Convocation on September 8, 2005, “[Boldness by Design](#)” is a strategic positioning process designed to help MSU meet the challenges of global change, competition, and shifting societal expectations for higher education. To begin with, “Boldness by Design” establishes the following commitment:

By 2012, Michigan State University will be recognized worldwide as the United States’ leading land-grant research university.

“You are probably asking: What does this mean? ... It means when people think of land-grant universities they think first of Michigan State. The example of our work in the classroom, in laboratories both on campus and around the world, and our engagement in serving society will redefine the power and relevance of the land-grant mission for the 21st century world.”

- Lou Anna K. Simon, [Sesquicentennial Address](#), September 8, 2005

The planning process necessary to achieve this commitment will include the University community, and will be guided by land grant tradition and values:

- Quality: dedicating ourselves to achieving excellence in all of our endeavors – good enough for the proudest and recognized among the best
- Inclusiveness: providing opportunity for learners from all backgrounds – bringing their passion and talent to join a vibrant, intellectual community built on mutual respect – to experience and to multiply the benefits of the power of knowledge throughout their lives
- Connectivity: among one another, among academic enterprises, to society and to those we serve – locally, nationally, and globally

In addition to these values, “Boldness by Design” identified five strategic imperatives to align existing initiatives, to guide decisions on investing in new priorities, and to focus MSU’s energy as it advances the land grant mission.

- Enhance the student experience – by continually improving the quality of academic programs and the value of an MSU degree for undergraduate and graduate students
- Enrich community, economic, and family life – through research, outreach, engagement, entrepreneurship, innovation, and diversity
- Expand international reach – through academic, research, and economic development initiatives and global, national, and local strategic alliances
- Increase research opportunities – significantly expanding research funding and involvement of graduate and undergraduate students in research and scholarship
- Strengthen stewardship – by appreciating and nurturing the university’s financial assets, campus infrastructure, and people for optimal effectiveness today and tomorrow

These strategic imperatives were the foundation of allocation decisions for the \$9.7M Quality Fund (described under Core Component 2B).

In 2005-06, President Lou Anna K. Simon and Provost Kim Wilcox, along with other members of the university leadership team, will engage the campus community in developing these imperatives into an implementation plan. They will also seek the perspectives of key external constituents to inform the planning process. This self-study is expected to form a foundation for these discussions, which will identify and align initiatives currently under way with MSU’s strategic imperatives and stimulate analysis of its current position, generating new ideas, new opportunities, and new proposals that will advance the University toward fulfilling its

mission. The campus community through these work sessions will help develop the measurable indicators of success that MSU will apply to determine progress on each initiative, on each imperative, and ultimately toward the overall goal.

Research

MSU installed a new Vice President for Research and Graduate Studies in September 2004. Vice President Ian Gray embarked on a series of discussions in order to establish a University strategic research agenda. These ongoing discussions include members of the University Research Council (made up of Associate Deans, VP staff, and a member of University Graduate Council), college deans and their staff, and faculty. The goal of the discussions was to provide a series of cross-college or broad University interdisciplinary research themes/areas in which MSU will invest resources and that are based on integrating the research priorities germane to multiple colleges. For more information, see [Chapter Six](#).

Board of Trustees

The MSU Board of Trustees meets regularly to discuss the University's strategic planning efforts and the University's progress toward goals. This topic is given particular attention during the Board's annual summer retreat. At that session, University administrators provide information about existing plans and planning processes and receive input and direction from the Board.

Past Planning as the Foundation for Current Strategic Positioning

The University has engaged in multiple long-term planning and implementation processes in the past. Since planning is only as effective as its implementation, we provide an update on the implementation of these planning processes.

MSU Promise

In 1999, *The Promise* was developed based on five years of experience and learning from *The Guiding Principles*. *The Promise* was intended to draw upon and supplement *The Guiding Principles* (a strategic planning process from 1994, described in the last self-study). *The Promise* focused the *Guiding Principles* into concrete statements about priorities and urged the MSU

community to recall and renew its commitments with respect to Undergraduate Education, Research and Graduate/Graduate Professional Education, Globalization, Outreach, and Diversity and Community. President Peter McPherson presented the draft version to Academic Council at the beginning of the 1998-99 academic year. Thereafter, *The Promise* was the subject at more than 50 meetings with representative students, staff and administrators and over 300 faculty members from all colleges. As a result of the consultations, the original draft was modified until the final version was established.

The Promise set five goals:

- MSU will offer one of the best undergraduate educations available by providing the advantages of intellectual inquiry at a major research university and practical learning in the land grant tradition.
- MSU will extend its national and international prominence in research, creative arts, and graduate and graduate/professional education, through selective investment in programs of distinction and unusual promise.
- MSU will be a great global university serving Michigan and the World.
- MSU will be an exemplary "engaged university," transforming and strengthening outreach partnerships to address key Michigan needs and developing broadly applicable models.
- MSU will be a more diverse and connected community.

In addition to these goals, *The Promise* included implementation points for each area. For the full text of these implementation points, see The MSU Promise section on the Office of Planning and Budgets [website](#). Some of the accomplishments directly related to the MSU Promise include:

- Establishment of the University Undergraduate Research and Arts Forum (see [Chapter Six](#))
- Increase in the use of instructional technology, including online courses, technology classrooms, and web-based course management programs (see [Chapter Five](#))
- Active engagement in the formulation and implementation of Assessment Plans across academic departments (see [Chapter Five](#))

- External research support increased steadily; for example, federal awards in FY 2005 increased more than 20 percent over FY 2004 (from \$138 million to \$166 million) (See [Chapter Six](#))
- An increasingly diverse faculty and student body
- A 68% increase in enrollment of MSU students in study abroad between 1997-98 and 2004-05
- Implementation of the Statewide Resource Network, a catalog of nearly 1,900 outreach and engagement programs and services offered by MSU faculty, centers, and institutes
- With the opening of the Center for the Study of University Engagement, MSU is taking a leading role in building toward a new discipline in higher education that combines the theory and practice of outreach and engagement

"And we must continue to be agents of change - holding ourselves to the same standards for innovation and creativity, not bracing against challenges as if they are the Arctic winds but warming to them and embracing the opportunity they present to advance our academic community."

- Lou Anna Kimsey Simon, *The President's Address*, Founder's Day 2005

Realizing the Vision

As Michigan State University entered into both the 21st century and its sesquicentennial, it sought to enhance - and strengthen - its vision of the liberal arts and sciences. These conversations began in fall 2003, resulting in a framework document with proposals for action entitled [Realizing the Vision: Liberal Arts in the 21st Century Land Grant University](#). The document began with a description of the context that is redefining MSU's future. It laid out the environmental factors that are reshaping the academy, set forth the economic realities with which MSU must contend, and affirmed the need to sustain MSU's unique heritage and mission. The proposed actions were anchored in four themes to reinvigorate the liberal arts and the 21st century land grant university:

- Extending degree-oriented living and learning options;
- Focusing on the development of a more coherent and integrated undergraduate experience across the university;
- Strengthening graduate programs and research;
- Changing college structures to promote new interdisciplinary and cross-unit dialogues as well as nurture activities related to educational, scholarly, and outreach programs.

In April, 2004, five committees were charged with working on various elements of this vision for the liberal arts and sciences. Each committee developed a report, and each engaged in a series of public discussions around the ideas in those reports. The Committee on College Reorganization in the Liberal Arts and Sciences included 30 faculty and students and was charged to help the University community (1) critically examine the current state of liberal arts and science education at MSU, and (2) discuss possible future reforms in the liberal arts and sciences, including the role of interdisciplinary programs and structural reorganizations that would improve teaching and research in the liberal arts and sciences. The Committee's [final report](#) made the following primary recommendation: "Improve liberal arts and sciences education by supporting faculty-driven collaborative teaching, research, and outreach without structural reorganization now but with possible changes in the future." A number of alternatives as well as recommendations for the implementation of the primary recommendation were offered and are currently under consideration in the University's governance process.

The New Residential College Program Planning Committee was charged with developing recommendations to establish a new residential college with a global or international perspective for students in the liberal and creative arts and sciences. The work of the planning group involved the review of innovative liberal arts residential programs at other institutions; a determination of the types of students MSU hopes to attract to the program, and the potential outcomes for these students; the identification of potential linkages across the campus with the program; the development of a broad programmatic description of the new residential program; the identification of the needed resources for the program; the timeline for program development and implementation; the potential connectivity between undergraduate majors and graduate programs; and plans for increasing faculty involvement across campus and criteria for faculty selection into the program. The committee released its final draft report with recommendations for the constitution of the new residential college in October of 2004. Since that time, a curriculum team that included students was established to plan the courses, goals, and mission for the new residential college. A final report was submitted to Academic Governance in the spring of 2005 and the proposal was approved by the Board of Trustees in October 2005. The new college is expected to open in 2007 and will be housed in Snyder-Phillips Hall, which is undergoing a \$37 million renovation.

The [Integrative Studies Planning Committee](#) was charged with the task of developing and examining options for increased centralization of the Integrative Studies portion of MSU's general education course requirements (for more on general education at MSU, see [Chapter Five](#) and [Chapter Six](#)). It included 17 faculty and students drawn from a broad range of colleges and disciplines, including the current directors of the three Integrative Studies Centers.

The [Quantitative Literacy Task Force](#) was charged with two primary tasks, to:

- Establish a dynamic and adaptable vision that describes MSU's quantitative literacy goal, together with a set of guidelines, expectations, or standards characterizing the intended quantitative literacy exit requirements of all students who graduate from MSU with a bachelor's degree.
- Develop an assessment plan that: a) is sufficiently adaptable to meet the needs of the diverse academic missions and requirements of the various undergraduate majors at MSU and b) provides evidence of the degree to which students have met the quantitative literacy exit requirements.

The Writing Task Force was charged with reviewing and making recommendations on the role of writing in undergraduate general education, including both Tier I and Tier II writing (for more on Tier I and Tier II writing requirements as a part of general education, see [Chapter Six](#)). The Task Force collected information, conducted research, and sought input from faculty and students, leading to a set of recommendations proposed to the appropriate governance committees of the University.

In spring 2005, academic governance appointed the Working Group to Improve Undergraduate Education. The charge to the committee was to use the substantial work of each of the separate committees on writing, quantitative literacy, and integrative studies, and to bring forward a set of coordinated, coherent recommendations for undergraduate general liberal education. Their report is expected during the 2005-06 academic year.

Expansion of the College of Human Medicine and the College of Osteopathic Medicine

In parallel with the discussions taking place on *Realizing the Vision*, MSU's two medical colleges were also engaging in change discussions. With the state and national shortage of physicians and in order to strengthen their research and continue to improve their educational programs, both medical colleges began to explore expansions. A planning process is underway

for the expansion of the College of Human Medicine in Grand Rapids and to expand the College of Osteopathic Medicine into southeast Michigan. The Board of Trustees approved the CHM expansion in principle in May of 2004. In the fall of 2004, stakeholders in the Grand Rapids community worked with MSU officials, including a general MSU faculty committee, to craft plans for the expansion, and an agreement to move forward was signed between the Grand Rapids group and MSU's Medical School Development Team in February 2005. A comprehensive plan is being prepared by Grand Rapids stakeholders and the MSU CHM and is expected in 2005-06. The focus, in the beginning, will be on medical research and clinical practice. Expansion plans for the College of Osteopathic Medicine are beginning in 2005-06. Both College Deans informed their respective accrediting bodies of these anticipated changes.

Current Unit Examples

College of Veterinary Medicine

In order to develop a strategic development plan for the College of Veterinary Medicine in anticipation of the changing needs of Michigan, the nation, and the world, **College faculty, staff, students, and internal and external stakeholders comprising over 100 participants engaged in a strategic planning initiative in 2004-2005.** This resulted in the identification of 10 major initiatives that will be implemented in the next decade. A management tool, the Balanced Scorecard program, will be used to measure the performance of the teams against the goals of each initiative. **A new office, the Office of Strategy and Innovation (OSI),** with a dedicated faculty and a support staff, was established in CVM and will be responsible for facilitating the activities associated with the progress of the 10 initiatives.

Department of Zoology

The Department of Zoology developed a ten-year plan in 2002. It includes a review of the present state of the Zoology Department as well as recommendations for an external search for a department chair, the hiring of up to 10 faculty in targeted areas, facilities upgrades, and staffing needs. The Department expects to maintain strengths in teaching and research in ecology, evolution and behavior as well as increasing strength in cellular and developmental biology. Toward these goals, two Assistant Professors, in Cell and Developmental Biology, were hired in 2005.

Technology

Technology has become an essential aspect of a university's infrastructure. Planning for technology must occur continually, due to rapid changes, the technology markets, and people's uses of technology. (See [Chapter Two](#) for technology changes in the last decade). The current state of MSU's technology planning is summarized on the web:

<http://lct.msu.edu/units/TechnologyPlanningDocument.html>. This document, which is updated whenever material changes have occurred to any of its items, captures the current landscape of strategic concerns and the associated strategic intents and related activities to address these. The document is informed by the work of Libraries, Computing and Technology (LCT) staff; advisory committees; discussions with deans, chairs, faculty, support unit leaders and staff; special workgroups and project teams; interactions with visiting faculty and leaders from other academic institutions and from the private sector; and interactions with CIC counterparts and colleagues at multiple levels.

In addition, annual technology planning occurs through the Academic Program Planning & Review (APP&R) budget process (described in more detail in [Core Component 2D](#)) in which units submit their budget and planning requests for the upcoming fiscal year, including their requests for technology needs. In addition to the requests of each unit throughout the University, the several advisory committees to the Vice Provost for LCT also make suggestions for strategic directions, tactical projects, and related budgetary requests. One such committee, the Instructional Computing and Technology Committee (ICTC) makes its own recommendations for instructional technology. Recommendations for 2005-06 were in:

- Design and Infrastructure of Instructional Technology Spaces
- Faculty Technology Training
- Support for the Instructional Design of Hybrid Classes
- Accessibility to and Usability of Instructional Technology

In addition, ICTC recommended that the Office of the Vice Provost for LCT appoint a committee to meet with small groups of students, faculty, and administrators in departments across the University during 2005–2006 to establish 5- year and 10-year instructional technology scenarios.

In addition to recommendations made during the annual budgeting process, the University has several other planning processes in place to address technology issues.

- The Vice Provost of LCT meets at least annually with each dean to discuss the colleges' strategic plans, programmatic goals and directions, and current sense of the technology and library environment.
- The Vice Provost and the Director of Academic Computing and Network Services (ACNS) meet at least once each fall and spring semester with the Residence Halls Association leadership to obtain their input regarding technologies and services affecting students. LCT also works with the Associated Students of MSU (undergraduates) and the Council of Graduate Students on an ad hoc basis to get advice regarding technology issues.
- CCSAC (Communications and Computer Systems Advisory Committees) include faculty and staff among their regular membership, and frequently also include student members or invite students to meetings. The CCSAC committees commonly involve the chief technology officers of the colleges, and provide a mechanism for coordinating the work of local IT staff and central University IT staff.
- The Vice President for Finance and Operations oversees five-year technology plans from the support units of Human Resources, Campus Park and Planning, Controller, Department of Police and Public Safety, Housing and Food Services and Physical Plant. For example, The University Physician's office now has access to an emergency database that allows quick notification to individuals impacted by infectious diseases on the campus.
- LCT sponsors the Administrative Data Users Group (ADUG) as a means of working directly with a large number of administrators and administrative support professionals across the University on cross-functionally-integrated information systems.
- LCT, working with the offices of the Controller, Human Resources, Academic Human Resources, Planning and Budgets, and others, has launched the planning and systems requirements definitions phase of a project to replace and upgrade the University's financial and human resources systems.

Diversity

MSU is committed to providing an environment that supports diversity and respects all learners. This commitment is articulated in the 1992 report, *MSU Institutional Diversity: Excellence in Action II* ([MSU IDEA II](#)).

MSU IDEA II is a plan for advancing excellence through diversity within the Michigan State University community. It represents a cooperative effort among administrative units and constituent groups to build an exemplary multicultural environment within which demographic and cultural diversity are present, diversity is valued, and cross-cultural understanding is promoted. Such a transformed community supports all members in reaching their full potential. (Executive Summary)

Admissions and enrollment data for the last ten years show steady progress toward greater diversity of the undergraduate student body (see Figure 4.1). Further improvement is necessary to bring MSU's undergraduate student body in line with Michigan's demographic profile. For example, while 14.4% of Michigan's population is black (according to 2003 U.S. Census Data), 8.7% of MSU's undergraduates were black in 2003. Other minorities are more proportionally represented at MSU; 2.7% of MSU undergraduates were Hispanic in 2003 versus 3.5% of Michigan's population; 0.7% of MSU undergraduates were Native American in 2003 versus 0.6% of Michigan's population; and, 5.4% of MSU's undergraduates were Asian/Pacific Islander in 2003 versus 2.2% of Michigan's population. For more information on MSU IDEA II as it relates to faculty and undergraduate instruction, see [Chapter Five](#).

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Undergraduate										
Caucasian	25,723	25,852	26,546	27,195	27,708	27,582	27,646	27,804	27,877	27,431
All Ethnic Minorities	4,550	4,566	4,760	4,980	5,273	5,336	5,572	5,880	6,115	6,119
Black	2,534	2,526	2,625	2,782	2,920	2,965	3,013	3,096	3,133	3,046
Asian P/I	1,176	1,195	1,257	1,282	1,358	1,362	1,516	1,644	1,784	1,882
Native American	189	191	176	204	206	199	209	227	243	237
Hispanic	651	654	702	712	789	810	834	913	955	954
Other & Blank	134	134	145	156	197	201	218	267	242	252
International	649	777	867	977	911	847	906	923	963	1,051
Total Undergraduate	31,056	31,329	32,318	33,308	34,089	33,966	34,342	34,874	35,197	34,853
Graduate										
Caucasian	5,133	5,205	5,053	5,080	4,907	4,813	4,690	4,822	5,035	4,942
All Ethnic Minorities	898	941	925	922	923	935	898	956	976	1,022
Black	419	462	469	454	455	460	458	471	472	497
Asian P/I	265	256	242	242	235	245	230	250	266	265
Native American	40	44	47	42	36	42	37	37	42	38
Hispanic	174	179	167	184	197	188	173	198	196	222
Other & Blank	31	49	61	89	72	87	91	105	106	129
International	1,758	1,716	1,793	1,842	1,832	1,897	1,978	2,092	2,232	2,216
Total Graduate	7,820	7,911	7,832	7,933	7,734	7,732	7,657	7,975	8,349	8,309
Professional										
Caucasian	1,116	1,109	1,071	1,035	1,025	1,032	1,059	1,073	1,081	1,086
All Ethnic Minorities	256	285	312	313	329	299	301	296	298	279
Black	91	99	104	104	105	82	75	72	70	61
Asian P/I	85	91	107	115	127	126	137	142	146	136
Native American	12	14	16	15	17	16	15	15	13	12
Hispanic	68	81	85	79	80	75	74	67	69	70
Other & Blank	3	9	8	10	8	5	3	3	5	5
International	3	3	4	4	4	4	4	6	7	10
Total Professional	1,378	1,406	1,395	1,362	1,366	1,340	1,367	1,378	1,391	1,380

Figure 4.1: Fall Semester Enrollment by Ethnicity (Data Digest 2004)

Internationalization

The most recent planning document for the internationalization of MSU is this self-study and the associated special emphasis self-study. It follows a comprehensive strategic plan developed in 1998 by the Office of International Studies and Programs and an area studies review concluded in spring 2005. Given MSU's historic and ongoing commitment to global research, teaching and outreach, and the accelerating impact of globalization on higher education, the aim of the self-study committee was to produce an analysis of the key issues, options for the future and a set of recommendations for sustaining MSU's commitment to internationalization and adapting it to the 21st century. See [Chapter Eight](#) for the special emphasis on internationalization self-study. Other planning processes related to internationalization at MSU follow.

Area Studies Review

From October 2003 to fall 2005, a review of area studies was conducted by International Studies and Programs (ISP) under the guidance of a university-wide Steering Committee chaired by the Dean of the Graduate School. MSU has five area studies centers that focus on Africa, Asia, Latin America, Europe and Russia, and Canada, with undergraduate specializations in all of these areas plus graduate certificate programs in Africa and Latin America (for more on the area studies centers, see Chapters [Five](#), [Six](#), [Seven](#), and [Eight](#)). The review included not only the activities of the centers, all of which are located in ISP, but also the teaching, research, and outreach of faculty affiliated with the centers who are located in all 14 colleges and the affiliated College of Law. The goals of the review were to assess the area studies programs at MSU, to strengthen these programs, and to augment their relevance to MSU's mission. The review included both internal and external assessment measures and led to the development of several recommendations (for more on the review, see [Core Component 2C](#) and [Chapter Eight](#)).

Internationalizing Student Life

In Spring 2004, an ISP and Student Life committee jointly reaffirmed the importance of Internationalizing Student Life (ISL) at MSU (for more on ISL, see [Chapter Five](#)). Subsequently, this committee was tasked with studying the ISL function in a campus-wide context, with the ultimate goal to propose a more effective implementation, delivery, and integration mechanism. The data collected during thirty-five meetings were analyzed and recommendations formulated with regard to the future of ISL. Recommendations included but were not limited to: effective structural and programmatic integration with campus wide curricular and co-curricular initiatives, administrative leadership, and extending programming beyond the campus to include internationally-focused community groups and resources. The final report is in the Resource Room.

Global Blended Degree Program Planning Model

[MSU Global](#) is the University's entrepreneurial business unit that works with partners across the campus and worldwide to develop and market online institutes, programs and services. One of its goals is to ensure quality and cost-effective institutional investments in global online learning and develop a partnership framework with overseas universities.

Unit Example: College of Education

In last year's APP&R, the college plans to pursue its internationalization efforts over the next five years were summarized as follows:

- Further internationalization of the teacher preparation program (e.g. through the efforts of the Teachers for a New Era project to develop knowledge standards for teacher preparation at MSU)
- Continued pursuit of external funding to support international research and outreach in areas of college strength
- Maintain international research capabilities and recognition for international strengths of faculty members
- Provide a supportive and educative environment for internationally oriented students
- Enhance our students' international understanding through study abroad experiences
- Find ways to sustain LATTICE K-12 professional development project

C. Core Component 2B – The organization’s resource base supports its educational programs and its plans for maintaining and strengthening their quality in the future.

Preparing for the future requires an accurate understanding of current resources, effective management of resources, and thoughtful planning for the development of needed resources. Accordingly, this section will focus on current trends and future plans for the management of the University’s fiscal, human, and physical resources.

Financial Resources - Revenue

The total University General Fund Revenue for 2005-06 is \$770,666,300, a substantial increase over the 1994-95 total of \$467,169,500 (MSU Budgets). However, the overall increase masks significant revenue trends, both positive and negative, that have an impact on MSU’s financial planning. In order to analyze revenue trends more carefully, the following sections discuss MSU’s revenue by type. This discussion focuses on MSU’s general fund revenues and expenditures. While the Michigan Agricultural Experiment Station (MAES) and MSU

Extension (MSUE) also contribute to MSU's total budget (\$47 million and \$50.3 million, respectively, for 2005-06), MAES and MSUE are supported by a complex funding structure that includes federal, state, county (for MSUE only) and grant funds. At the state level, the MAES and MSUE each have a state budget line item that is separate from Michigan State University funding, so neither organization receives income from tuition funds.

State Appropriations

Over the past several years, Michigan's economic troubles have steadily reduced state funding as an overall proportion of MSU's budget. MSU's reductions are part of a larger national trend of cutting state support for higher education, even as leaders call for expansion of education programs and opportunities for their citizens. State appropriations for MSU's General Fund in 2005-06 are budgeted at \$283,730,300. This represents a \$3,769,700 cut from 2004-05 and marked the fourth year in a row the University did not see an increase in state appropriations. Not only has the total revenue from state appropriations decreased, but the percentage of the University's revenue that is from state allocations has been decreasing over the last decade as well: from 51.97% (actual) in 1996-97 to 36.8% in 2005-06 (see Figure 2.1 in [Chapter Two](#)).

Tuition and Fees

Tuition and fees have increased annually. However, MSU's commitment to keeping higher education accessible has meant a lower than average tuition increase over the years. As of the 2004-05 school year, MSU students paid approximately \$1,400 less per year than they would have if tuition rates had increased at the average rate of their peers. In addition, between 1994 and 2004, MSU had the Tuition Guarantee in place, a program that kept tuition increases at or below the rate of inflation. During that time, MSU tuition increases averaged 2.8% per year, compared to 4.8% at other Michigan universities and 5.2% at Big Ten public universities. Nonetheless, tuition and fee revenue now exceeds state appropriations as the primary form of revenue for MSU (see Figure 2.1 in [Chapter Two](#)). In 2005-06, after an 8.4% tuition increase plus an energy fee and an entering student surcharge of \$19.50 per credit, tuition and fees are budgeted to generate \$413,400,000, or 54% of the total general fund revenue (MSU Budgets). To alleviate the burden on students, a historic 19.6% increase in recurring financial aid was also included in the 2005-06 budget.

U.S. News & World Report saluted MSU's nationally recognized blending of quality and affordability by naming MSU a "Best Value" university for 2004-2005. MSU was the only public university in the Big Ten to be so recognized.

Other University Funds

In 2005-06, Other University Fund Revenue, which includes: application fees and departmental receipts, income from investments, indirect cost recovery, and funds appropriated in prior year budget, totaled \$73,536,000. Other University Fund revenue has increased every year in each of the last ten years. In particular, MSU has made impressive strides in private fundraising. MSU set records for private fundraising each year for seven years from 1996 to 2002. MSU's performance far exceeded the national rate of a 3.4 percent increase in 2004 over 2003. MSU now ranks 19th in fundraising among public research universities. Finally, MSU's fundraising has been bolstered by the \$1.2 billion capital campaign, [The Campaign for MSU](#), described [below](#). The campaign's emphasis on growing the University's endowment will further insulate the University from a continuing decline in the percentage of University revenue derived from state appropriations.

MSU ranked 20th in 2000-01 and 18th in 2001-02 in private fundraising nationwide. In 2001-02 MSU raised \$211,629,395 in private funds.

"Our future depends on our commitment to private fundraising, and we will work tirelessly to meet and exceed our goals."
- President Simon, Sesquicentennial Address, 9/8/05

Financial Resources – Expenditures

MSU's General Fund Expenditures for the 2005-06 budget are estimated to be \$770,666,300 (MSU Budgets). The expenditures are in the following categories:

- Salaries: \$532.9M (69.1%) – Includes faculty and academic staff, support staff, graduate assistants, and associated fringe benefits
- Supplies, Services, & Equipment: \$208.6M (27.1%) – Includes funding for operating and maintenance, technology, and financial aid

- Labor: \$29.2M (3.8%) – Includes costs for regular labor employees as well as student employees

The largest increase in expenditures over the 2004-05 year was \$30.7 million in Supplies, Services, & Equipment (MSU Budgets). This increase was primarily due to rising costs for energy and financial aid, as well as increased spending on technology infrastructure. Salaries also increased over the previous year while labor costs decreased. Over the past ten years, as revenues have increased so have expenditures (see Figure 4.2). However, the relative percentage of expenditures in each category has remained relatively stable (see Figure 4.3).

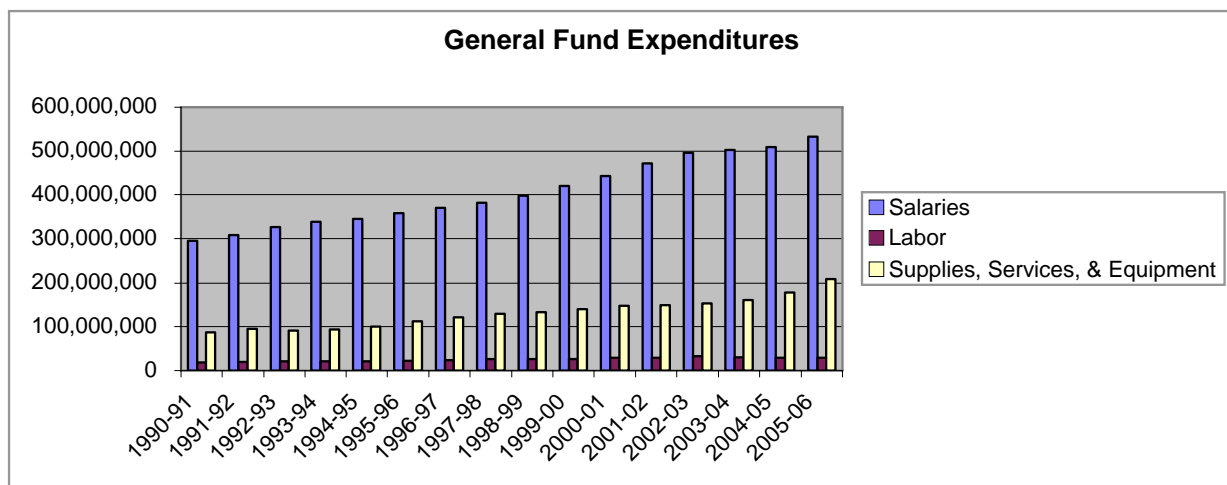


Figure 4.2 (MSU Budgets)

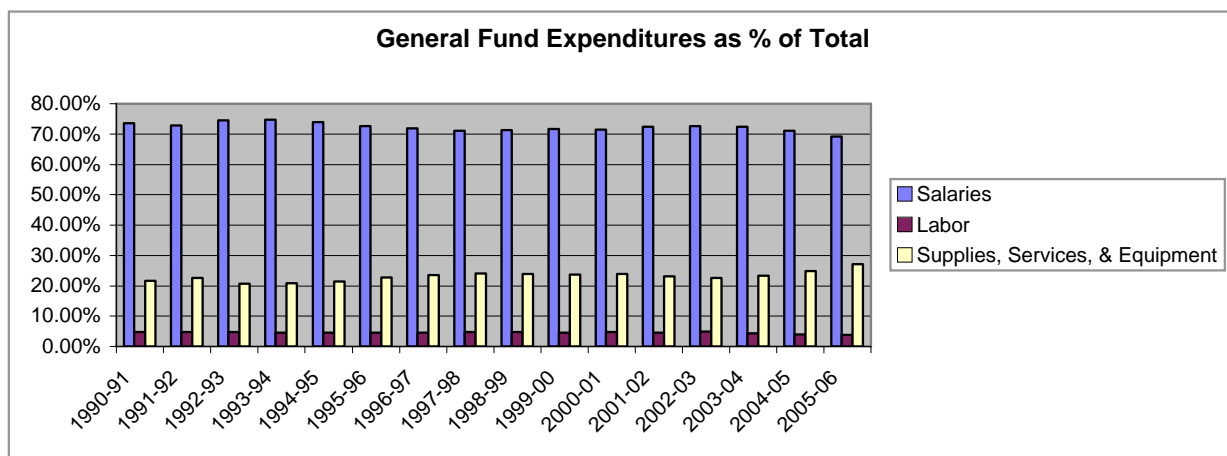


Figure 4.3 (MSU Budgets)

Perhaps more important than a broad understanding of expenditures in these three categories is a more detailed understanding of expenditures by program type (Figure 4.4).

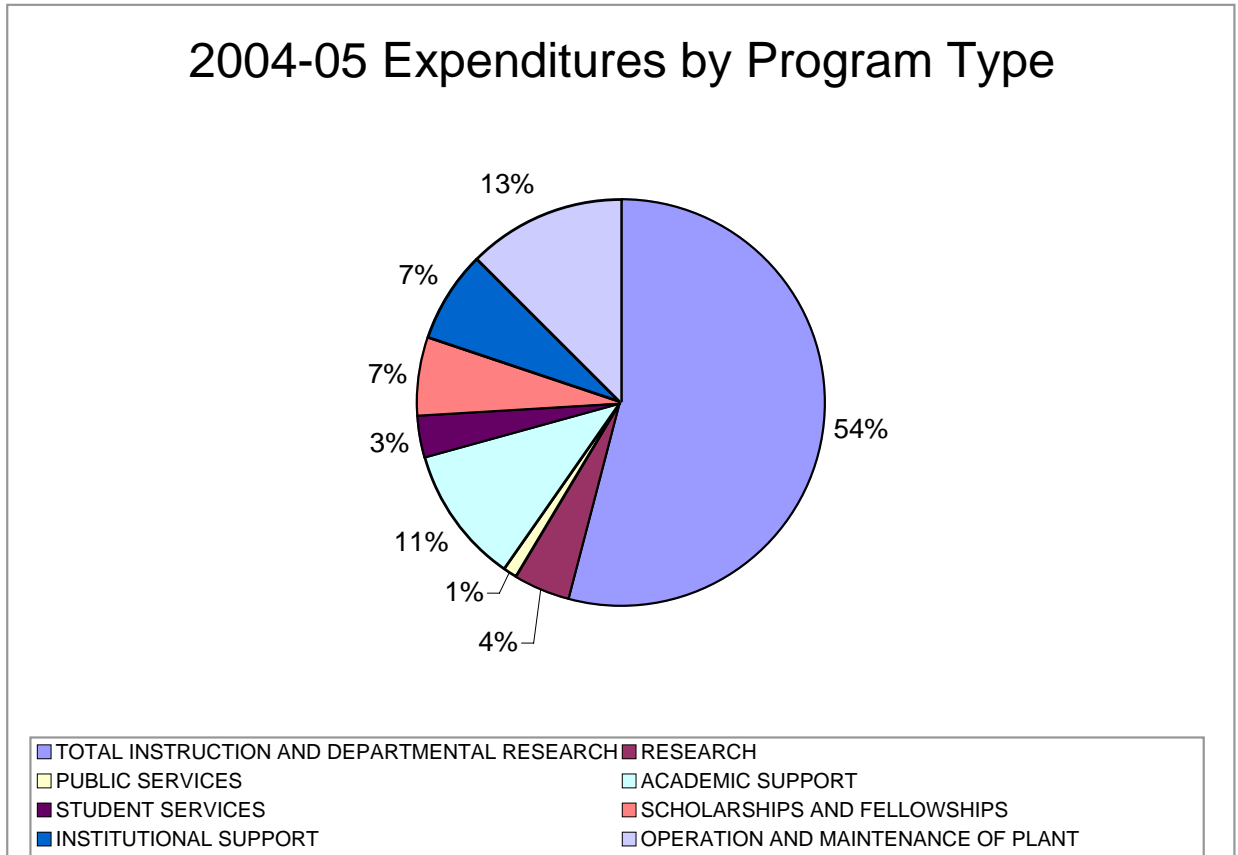


Figure 4.4 (MSU Budgets)

Clearly, instruction and research at the departmental level receive the most funding at MSU, reflecting the importance of the mission areas of teaching and research. Instruction and research expenditures at the department level are distributed across colleges as follows:

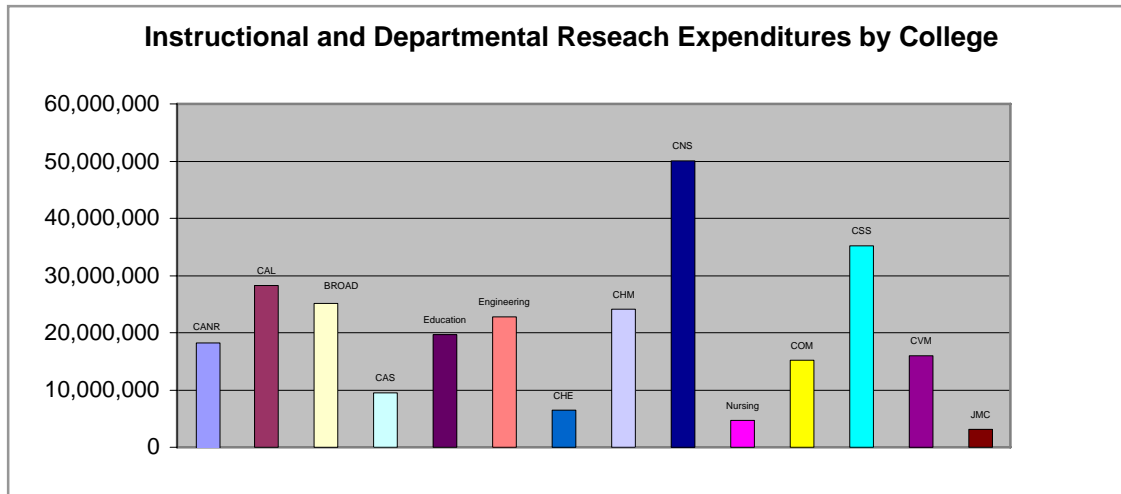


Figure 4.5 (MSU Budgets)

Cost Containment

While revenue and expenditures have increased in each of the last ten years, revenues have not always increased at the rate of inflation of core higher education costs such as health care and energy; nor have the increases in revenue always matched the rate of overall inflation (between 2002-03 and 2003-04, for example, MSU's general fund revenue increased by only 1.6% whereas the rate of inflation over the same period was 2.3%). This has been caused, in part, by MSU's dedication to keeping tuition affordable and higher education accessible. As a result, MSU made spending cuts – some \$66 million internally over the past five years – including eliminating more than 300 positions since 2002-03, through retirements when possible, as well as through unit level cuts and staff redeployment as vacancies occurred.

Fund to Enhance Academic Quality

While maintaining accessibility is a core goal of the University, additional cuts may have an unduly adverse effect on the University. President Simon recognized this concern, and while the University will continue to seek out cost saving measures, it is committed to avoiding a further decline in MSU's student-faculty ratio. In fact, MSU's budget for 2005-06 includes a \$9.7 million Quality Fund to enhance programs in an effort to ensure that recent tuition increases include an increase in the quality of education that MSU provides. **More than 60 new tenure system faculty positions were approved in Fall 2005 using these funds, with an express**

focus on enhancing the student experience, increasing research opportunities, and expanding international reach. Proposals identified additional positive outcomes with respect to one or more of the key institutional priorities identified in the Boldness by Design strategic positioning initiative. Cross college proposals were encouraged, as were proposals from colleges that are collaborative with other units on campus. Identification of measurable impacts and outcomes was essential for the proposal to be competitive. A list of proposals funded is in the Resource Room.

Financial Resources – Development

As mentioned [above](#), the University has made enormous strides in the last ten years in private fundraising. Part of this success is undoubtedly the result of [The Campaign for MSU](#), a \$1.2 billion capital campaign, which was announced in September of 2002 after three years in its “silent phase.” The campaign’s theme, “Advancing Knowledge. Transforming Lives” has been embraced by the entire University. The campaign has two primary objectives: 1) grow the endowment to ensure long term strength (approximately 1/3rd of funds will go toward the endowment), and 2) sustain MSU’s excellence. As a part of the second objective, the campaign seeks to raise gift support for new research and teaching, support for students, faculty and staff, select new facilities and infrastructure, and the enhancement of campus beauty, history, and functionality. With two years left in its public phase, the campaign has already raised \$1.038 billion, or 87% of its goal.

At the end of fiscal 2004-05, MSU’s endowment stood at \$1.325 billion. MSU’s endowment ranked 8th in the Big Ten in 2004 even though MSU was the last university in the Big Ten to enter private fundraising (in 2000, MSU’s endowment was 11th in the Big Ten; in 1994-95 the endowment stood at \$205.6 million). MSU’s endowment target for the capital campaign is \$450 million, of which \$250 million has been raised.

In 2004 MSU faculty, staff, and retirees donated \$11.8 million in cash and planned gifts to MSU, making MSU the most successful of all Big Ten schools that report faculty, staff, and retiree giving.

As of June 30, 2005, MSU’s Common Investment Fund, a long-term pool which is composed primarily of MSU’s endowment funds, reported total returns of 15.3% for the one year period,

13.1% for the three year period, 9.3% for the five year period and 12.5% for the ten year period. In the Cambridge Associates' client base of over 100 endowments, MSU ranked in the following percentiles as of June 30, 2005: 4% (one and three year), 2% (five year).

Other plans to expand MSU's financial resources to ensure the quality of the institution include a ten-year plan to expand federal funding for medical research. For more information on federal funding for research at MSU, see [Chapter Six](#).

Human Resources

In 2004-05 MSU had 11,262 FTE, including 2,508 ranked faculty FTE and 8,754 staff FTE (1,663 academic staff, 5,725 support staff, 1,366 graduate assistants). This represents an 11% increase in FTE positions over the 1994-95 total of 10,161, despite the recent downward trend, mentioned previously, over the last three years. However, this increase occurred primarily in fixed term faculty FTE (36%) and academic staff FTE (37%). In fact, tenure system FTE faculty over the ten-year period decreased from 1,976 FTE to 1,844 FTE, a decrease of 6.7%, with most of the losses occurring in the difficult economic times of the last three years (Planning Profile). The decline in the number of tenure system faculty at Michigan State University is consistent with the pattern at other major research universities. Reasons that contribute to the decline include fiscal constraints, a growth in academic staff with duties and responsibilities traditionally held by ranked faculty, and a concentration of employment in particular areas of the university, e.g., health sciences. Since the majority of Quality Fund proposals funded included new tenure system faculty, this will help reverse this trend.

In 1994-95 the average age of tenure system faculty was 51. While it has only increased to 52 in 2004-05, a greater percentage of faculty are over the age of 50. In 1994-95, 54% of the faculty were over the age of 50 while in 2004-05, 60% of faculty were over the age of 50. The proportion of tenure system faculty age 65 or over has increased from 7% to 10% in the last ten years. The concern is that an increasing number of faculty are approaching retirement in a time of significant financial constraint, which may make it difficult to replace retiring faculty with new tenure system positions. On the other hand, the increasing willingness and ability of faculty to work later into life may ameliorate this demographic concern, as may the typically lower salary of new faculty when compared to retiring, tenured faculty. Again, the Quality Fund initiative will add new assistant professors over the next few years.

MSU has made strides in increasing the diversity of its faculty in the last ten years. In 1994, women represented 22.9% of tenure system faculty whereas in 2004 they represented 29.7%. Similarly, the proportion of tenure system faculty that are minorities has increased from 11.9% in 1994-95 to 15.2% in 2004-05 (Expanded Planning Profile Summary Report). During the last five years, the percentage of women and people of color hired in tenure system positions has increased annually from 47% in 1999-2000 to 69% in 2003-04. Given the University's emphasis on internationalization, international diversity is important to the University as well. 17.5% of all ranked faculty in 2004 were not U.S. citizens or had received their terminal degree abroad. Support staff at MSU are similarly diverse; 15.78% are minorities and 65.3% are women.

Human Resources – Development

Office of Faculty and Organizational Development

The Office of Faculty and Organizational Development (F&OD) supports MSU faculty, academic staff, and academic administrators in their ongoing quest for excellence in teaching, research, outreach, and leadership. To accomplish this goal, F&OD offers a broad range of seminars and programs, services, and resources in two programmatic strands: Faculty Development and Organizational/Leadership Development. The latter includes the new Executive Leadership Development Program (ELDP) to support succession planning and to promote the effectiveness of MSU's current and emerging leaders. For more information on these professional development opportunities for faculty, academic staff, graduate assistants, and administrators, see [Chapter Five](#) and [Chapter Six](#), or the F&OD [website](#).

Human Resource Development

[Human Resource Development](#) (HRD) provides training, development, organizational effectiveness consulting, and other services:

- To help individual employees meet their educational and professional development goals,
- To assist departments in meeting their business objectives, and
- To address institutional priorities through training and development.

To meet its mission HRD offers approximately 180 catalog classes each academic year on a wide range of topics. HRD also administers the Educational Assistance benefit for employees taking non-credit or college courses. Eligible full-time employees may have up to 14 semester

credits or 20 term credits per academic year (part-time employees on a proportional basis of employment) waived or reimbursed through the Educational Assistance Program.

Physical Resources

Chapter Five includes detailed information on the 340 centrally scheduled classrooms (including technology classrooms), over 150 classrooms scheduled by colleges and departments, and 2,400 research laboratories at MSU. This section will focus on the ongoing planning, maintenance, renovation, and construction of facilities on campus in an effort to ensure that the University's infrastructure meets the educational needs of campus in the present and the future.

Facilities, Planning, and Space Management

The Office of Planning and Budgets (OPB) has responsibility for University-wide planning with regard to facilities and space utilization at Michigan State University. Within OPB, the Facilities Planning and Space Management (OPB/FPSM) is responsible for facilities planning and space management. OPB/FPSM operates under policies established by the Executive Committee on Buildings, Facilities, and Space (ECBFS). Units within the University may and do propose projects related to facilities and make requests for the assignment and reassignment of space.

Construction and Renovation

Construction and renovation on a campus with 340 centrally scheduled classrooms and over 150 classrooms scheduled by colleges and departments, 660 buildings with approximately 250 on the main campus, 25,000 parking spaces, and 5,200 acres is constant. New construction is guided by the following University policy:

All Michigan State University land, facilities, and buildings belong to the University as a whole and are subject to assignment and reassignment to meet the overall needs and best interest of the institution. Long-range planning for optimum use of these valuable, essential University assets is a continuing process. Within this policy framework, new construction, purchase, lease, and rental of buildings and facilities are planned to support and enhance the effectiveness of: (a) specific programs, and (b) the University as a whole. This duality of purpose is fundamental to planning new construction, purchase, lease, or rental of buildings and facilities; it precludes units from developing and/or executing proposals without authorization from the Executive Committee on Buildings, Facilities, and Space (ECBFS) (Facilities Planning and Space Management).

The last ten years have seen one of the most active construction and renovation periods in MSU's 150-year history with over 40 major renovation, addition, or new construction projects. In addition to these major projects an estimated \$31M has been invested during the last 6-years for upgrades to laboratories and offices, as examples, directly in support of programs. Some of the more significant projects are listed in [Chapter Two](#), which also includes discussion of deferred maintenance and the [campus master plan](#). During the past decade, MSU has spent an average of \$11.5 million each year on residence hall maintenance ...and plans to spend an average of \$15 million each year to continue maintenance and upkeep of campus dorms.

D. Core Component 2C – The organization's ongoing evaluation and assessment processes provide reliable evidence of institutional effectiveness that clearly informs strategies for continuous improvement.

Assessment is so important to the continuous achievement of goals in program areas related to teaching and learning, research, and outreach and engagement that a full discussion of assessment is best reserved for the chapters that address each activity in detail (Chapters [Five](#), [Six](#), and [Seven](#), respectively). This section, then, will focus on the assessment of planning initiatives, University-wide data collection, analysis, and dissemination, and a brief introduction to University assessment across the mission.

Assessment and Planning

Each of the major planning initiatives at MSU in the last two decades included a substantial effort dedicated to assessing University performance in the area under consideration. Each planning initiative recommended a set of goals and objectives that in turn have provided a basis for assessment activities since their implementation. The Assistant Provost for Undergraduate Education provided periodic assessments of progress made on the recommendations of the Council for the Review of Undergraduate Education. Similarly, the Dean of the Graduate School, in conjunction with the Vice President for Research and Graduate Studies, reports on implementation of goals outlined in the Council on the Review of Research and Graduate Education and facilitate and monitor the graduate program review process. The Office of

University Outreach and Engagement developed a scorecard to track achievement of recommendations made in the 1992-93 faculty committee on outreach report. In addition, UOE developed an Outreach and Engagement Measurement Instrument. Details are included in [Chapter Seven](#).

The Board of Trustees annually receives a document from academic and support units at MSU that outlines their accomplishments for the previous year, as measured against a set of criteria developed by the Board of Trustees. For an example of the reports submitted, see the compilation document “The Guiding Principles and Five Years of Accomplishments” in the Resource Room.

Progress toward the goals of the MSU Promise have been tracked and reported to the Board of Trustees annually. Data that addresses the goals of the Promise are included in the document “Trends and Benchmarks,” available in the Resource Room, which compares MSU’s performance to Big Ten and AAU institutions. Data comparisons exist for such areas as: characteristics of students, retention/graduation rates, research activity, fundraising, graduate education, and expenditures.

Data Collection, Analysis, and Feedback

Office Of Planning and Budgets

The Office of Planning and Budgets (OPB) is the main administrative office responsible “for collecting, analyzing, and using” University data. As such, it provides historical data in the current organizational structure to everyone from academic and support units to the Board of Trustees to facilitate assessment, planning, and budgeting initiatives (for more on the role of OPB in the University’s annual planning processes, see [Core Component 2D](#)). This section will focus on the major data collection and analysis platforms managed by OPB.

- **Planning Profile Summary (PPS):** OPB uses the PPS to provide web-based longitudinal data on the current organizational structure (e.g. faculty/staff counts, research information, student demographics) for use in the University's planning process, administrative review, and public reporting or surveys. PPS also provides the ability to create tailored reports from the data.
- **Grading Practices Report:** provides academic units and colleges with information on grading practices. OPB generates data reporting on grades awarded within individual

sections, courses, and departments and compares these with other courses the students are taking.

- **Course Load, Instruction, Funding and Modeling System (CLIFMS):** OPB serves as the business manager of the CLIFMS database used to support the University's internal evaluation and resource allocation, instructional costing and analysis, and state, federal, and institutional reporting. The Office of the Registrar uses the instructor-course linkages within the CLIFMS database to list the instructors in the online Schedule of Courses. The Registrar's Office also uses the CLIFMS system to populate their online grading and class list system with instructor names.
- **Persistence, graduation and time to degree data:** OPB provides senior administrative staff with a report that tracks the persistence and graduation rates for undergraduates, master's and doctoral students for ten years after they begin their academic programs based on students' initial major choice.

Registrar

One of the goals of the Registrar is to produce accurate official University enrollment and term-end data and make reports available to the public and throughout the University to support continuous improvement. Based on unit and department requests, the Registrar found that additional information was desired to assist them in analyzing and using data to improve their programs and services to students. As a result, Enrollment and Term-End Reports on the Registrar's website were expanded back to Fall 1994. The Registrar also developed a Query Builder in the Student Information Generator that is accessible to authorized users in academic units and permits the users to generate specific data on their own students.

Office of Admissions and Scholarships

The Office of Admissions and Scholarships assesses its activities through a review of comprehensive annual admissions enrollment statistics, the Admitted Student Questionnaire, statewide parent and prospective student focus groups, and Financial Aid Impact Research. Recent admissions statistics show progress toward out-of-state enrollment goals and the maintenance of a racially diverse student body. Admitted Student Questionnaire results demonstrate a change in MSU's image from 1999 to 2004 toward a more academic and national

reputation, but also show room for improvement in perception of academic quality and relationship with employers in comparison to competitor institutions. Focus groups showed similar change in MSU's reputation, moving away from social toward a more academic reputation, and lower-than-expected sensitivity to tuition increases. Financial Aid Impact Research demonstrated the difference gift aid at various levels has in influencing enrollment decisions of admitted students. Admissions and enrollment data for the last ten years show steady progress toward greater diversity of the undergraduate student body with increasing credentials by traditional academic measures (for more information, see [Core Component 2A](#) and [Chapter Two](#), respectively).

Assessment Across the Mission

Assessment processes and information are integral to the continuous improvement of MSU programs and activities across its mission. As such, a full discussion of assessment is included in each chapter that discusses the primary mission areas of the University (Chapters [Five](#), [Six](#), and [Seven](#), respectively). This reflects the institution's belief that assessment is not an extra activity mandated by the administration, rather assessment is a part of everything that we do as an institution.

E. Core Component 2D – All levels of planning align with the organization's mission, thereby enhancing its capacity to fulfill that mission.

The strategic imperatives of Boldness by Design focus on student learning, outreach and engagement, and research, as well as expanding international reach and strengthening stewardship. The first three obviously align with the traditional mission of MSU. The strategic imperative to expand MSU's international reach not only continues MSU's recent emphasis on internationalization, but it is in direct response to MSU's mission, which states, "Michigan State University strives to discover practical uses for theoretical knowledge, and to speed the diffusion of information to residents of the state, the nation, and the world." Finally, the imperative to strengthen stewardship, in addition to being a fundamentally sound policy, draws on MSU's

heritage and mission as a public, land grant institution dedicated “to honor ... [the] public trust” (MSU Mission Statement).

The link between the other currently active planning platform and the University’s mission documents is embedded directly in the name “Realizing the Vision.” This planning process is designed to address a limited (though substantial) segment of the University’s work, the liberal arts and sciences. In its focus it has been guided by the University’s mission in its goals of strengthening undergraduate education, particularly general education, improving graduate education, and strengthening research. This link to the mission is essential to ensure that planning moves beyond the writing of the report and into implementation because it makes clear to each member of the community why the goals are important and how they relate to an individual’s work. For more information on the successful implementation of University planning initiatives, see [Core Component 2A](#).

The Office of Planning & Budgets Support Infrastructure

Within the Office of Planning & Budgets, the Planning Office serves as a resource to the MSU community to assist with coordinating academic planning and evaluation. Through the planning process, units should be better able to articulate their priorities and resource needs, and should understand the potential for enhanced collaboration across units.

At MSU, annual planning and budgeting processes are completely integrated. While planning is done on a continuum throughout the academic year with academic units and the Provost’s Office, historically there have been two official points in time where planning and budget priorities are formally discussed and resource decisions are made: (1) the fall planning discussions and (2) the Academic Program Planning and Review (APP&R) for colleges or the Academic Support Services Program Planning & Review (ASSPP&R) for support units in the spring. In addition, the Vice President for Finance and Operations and Treasurer provides an annual plan to complement these processes. This annual planning continuum provides colleges and support units with the opportunity to review their priorities and resources/needs in the context of the University’s missions/strategic plans, and budget realities.

In the fall, college deans, the Provost, and the Vice President for Research & Graduate Studies review Planning Profile Summaries, progress on issues from the previous year’s planning process, and other relevant issues. In early spring semester, units submit their resource

requests related to future plans for: academic program needs, operating budget support, personnel needs, space, technology, and research. A formal meeting follows between the Provost, the Dean, the Vice President for Research and Graduate Studies, and/or senior administrators to review requests. Decisions are aligned with University level strategic initiatives, core activities and cross-university partnerships; staffing needs – including training and diversity; technology goals; research initiatives and objectives; facilities, capital and infrastructure needs. This planning process culminates with the distribution of program budget allocation letters for each unit for the following fiscal year. During this time, units also receive prioritized funds for new facilities or alterations and improvements to space, and approved technology requests from specially set-side Technology, Learning and Education Funds (TLE) for academic programs.

Planning Principles and Values

For the past several years, despite multi-year resource constraints and budget reductions, MSU’s top planning priorities have continued to be the maintenance and enhancement of academic quality and reputation, and the promotion of a quality education for students in the spirit of an inclusive philosophy. Colleges and academic support units have been asked to always keep the following guidelines in mind as they develop their resource requests. Planning priorities should:

- Re-affirm the land grant tradition in the context of a research institution;
- Emphasize effective cost-containment;
- Give priority to those resources/activities that are essential to and directly or indirectly support and enhance teaching and research and related outreach/engagement programs;
- Reductions should be made strategically, within the context of unit and institutional priorities, and emphasize downsizing or eliminating programs or functions that are low priority, of marginal quality, and low productivity;
- Emphasize strategic investments that leverage:
 1. Collaboration and partnerships
 2. Major capital campaign thrusts
 3. Distinctive academic programs
 4. New revenue sources or revenue enhancements from existing sources

Budgeting at MSU

Working in conjunction with the Planning Office, the Budget Office establishes and maintains the approved university budget for the general fund. In addition, it has responsibility for establishing budgets for the Michigan Agricultural Experiment Station, Michigan State University Extension Services, and intercollegiate athletics. The MAES and MSUE are supported by a complex funding structure that includes federal, state, county (for MSUE only) and grant funds. At the state level, the MAES and MSUE each have a state budget line item that is separate from Michigan State University funding, so neither organization receives income from tuition funds. It is important to understand that these state dollars create a foundation that is used to leverage additional funds. Every dollar the state invests in the MAES and MSUE leverages \$1.49 in federal funds and external contracts, grants and other revenues to serve the state's citizens. (See [Chapter Six](#) for details on MAES and [Chapter Seven](#) for MSUE).

MSU utilizes incremental budgeting, building on the recurring budget from the prior year. The recurring base budget includes salaries and general operating resources for the various departments. The university also has a set of central general fund operating accounts that cover such items as fringe benefits, financial aid, and utilities and energy costs. These are not allocated to the separate units.

Recurring salary funds are provided to general fund units as well as the estimated costs of known contracts or other agreements. Recurring general operating funds are allocated in the same fashion, based on the prior year budgets. Units may also receive nonrecurring funding for a year or other specified period. These types of nonrecurring allocations are generally related to revenue-based instructional programs, start-up funds for new initiatives, or short-term transition funds.

MSU has had a practice in place for a number of years to reallocate internally a certain portion of the recurring budgets. Each unit is assessed a percentage reduction, which has been 1 percent over the past ten years, and funds generated through this process are reallocated across the university for initiatives identified through the planning process. Approximately 85 percent of the funds come from academic units and are reallocated back to the academic units on a recurring basis, with the remaining 15 percent reduced from and then reallocated to support units such as business operations, development, or governmental affairs.

Using the best available information on required expenditures and estimated revenues, a summary budget is drafted in early spring for review by senior administrators. Revenues and expenditures must balance, and any initial imbalance must be addressed by an increase in revenues, a reduction in expenditures, or some combination of these. Ultimately, the Board of Trustees must approve the university budget and tuition rates, and they are closely involved in budget discussions.

Facilities Planning and Space Management

Working in conjunction with the Planning Office, Campus Planning and Administration, and the Budget Office, Facilities Planning and Space Management (FPSM) establishes and coordinates the facility planning process. There are three major components to the process that includes major capital planning, space management planning for new and existing facilities, and alterations and improvements planning for existing facilities. All three components of the facility planning process are conducted within the context of the Academic Program Planning and Review Process (APP&R) or the Support Services Program Planning and Review Process (SSPP&R).

APP&R and Internationalization

MSU's annual APP&R process helps to guide budgets and planning, some of which is related to international initiatives. In the past 5 years, MSU colleges were asked to provide an overview of major accomplishments and constraints with regard to international scholarship, instruction, and outreach. Accordingly, each college explained, in a bulleted outline or brief narrative, efforts and goals related to the following:

- Internationalizing the college's curricula and majors;
- Signature international programs or capabilities within the college;
- College priorities for new ways to support faculty engagement in international scholarship, instruction, and outreach;
- Faculty hiring priorities related to the international scholarship, instruction, and outreach mission of the college; and
- Ways that International Studies and Programs can help to advance the college's international scholarship, instruction, and outreach portfolio.

In relation to MSU's goal to send an increasing number of students abroad for international experience, each college was asked to relate its progress and activity in providing study abroad programming and opportunities as well as any planning or priority actions for study abroad during the year and beyond.

Inclusiveness

Major planning initiatives at the University have always involved internal constituents, including students, faculty, staff, and administrators, as well as external constituents such as alumni, community members, and local leaders when appropriate. Participation usually occurs through membership on planning committees or sub-committees, such as those currently being established for Boldness by Design. Furthermore, any planning process that has a substantial effect on academics will ultimately go through Academic Governance, which itself consists of representatives of every internal constituency (see [Chapter Three](#) for more information on Academic Governance). Most units involve their own constituents in their own planning, and occasionally, budgeting, processes. Often this involvement is formalized through Advisory Boards, which are described in more detail in [Chapter Six](#). For additional examples of unit's inclusiveness in planning, search for 2D in the [Unit Example Database](#).

F. Summary: Strengths and Priorities for Improvement

Michigan State University has the leadership and commitment to focus on institutional strengths and their impact in ways that are relevant for the 21st century. Resources and infrastructure, including ongoing evaluation and assessment, are organized and allocated to maximize the fulfillment of the institution's mission. [Boldness by Design](#), with its strategic imperatives, establishes an ambitious plan for the future that invigorates the nation's first land grant institution and builds on previous planning platforms, the Guiding Principles and the Promise. These imperatives are to enhance the student experience; enrich community, economic, and family life; expand international reach; increase research opportunities; and strengthen stewardship.

Recommendations

MSU should design realistic implementation steps to achieve the strategic imperatives outlined in Boldness by Design. Evaluation and assessment metrics and processes will be built into the implementation steps. The process should broadly engage campus constituencies, and off-campus constituencies when appropriate.

MSU should devote the remainder of its Capital Campaign to increasing the endowments needed to support MSU's educational, research, and outreach/engagement programs and should continue to build on the success of the Campaign by increasing its endowment in the future.