Focusing Forward

A Conversation with President Simon
September 23, 2016
Issues and Updates from Team MSU

• The specific questions that you suggest need to be addressed as a part of this conversation.

• The updates you would find helpful in the context of this academic year AND the decade ahead.
Conversation Topics

• Student activism that gets out of hand has generated a lot of national media attention about college campus “climate.” How are we prepared to deal with such issues on our own campus?
• Issues around campus safety are regular features in the national press. What is MSU doing to make our campus safer for students, employees, and visitors?
• What are your thoughts about transition into a new president for MSU when you are ready to step down?
• What does our Fall enrollment look like? Are we expecting waves of international students from India when the student enrollments from China drop off as some predict?
• What do you think that as department chairs and college deans we should be concentrating on for this year?
Conversation Topics, cont.

• When you talk about MSU with people off campus, what gives you the most pride? What do you hear about MSU that worries you?
• What is next for placing an MSU presence around the state now that we are established in Grand Rapids, Detroit and Flint?
• There are lots of building cranes on the campus. What is our next new big building project?
• Does it worry you that MSU has slipped a few points in the recently released U.S. News and World Report “Best Colleges” rankings?
• What keeps you up at night pertaining to MSU?
• How do you see the upcoming presidential election influencing the future of MSU?
The Context for MSU Leadership 2016-2017 and the Decade Ahead

Where we stand (David Byelich, Bob Groves, Heather Swain)

• Current data in the context of where we stand

• A platform for living our purpose
Federal and State Budget
Federal Budget

• Current Appropriations process not yet finished.

• Expect a Continuing Resolution (CR) through December 9 followed by work to complete all appropriation bills by end of the year

• House Conservatives pushing for 6 month CR to avoid budget showdown with White House.

• Probably won’t work because they cannot force their desires on the Senate or the WH.

• Leadership does not want budget shutdown right before the elections.
Federal (cont.’d)

• In late Spring, the New President will submit their first federal budget.

• Usually will be built largely on the Agency budgets which were put together this fall.
State Funding 2017-18 Challenges

- Potential for weak revenue estimates. Proposed budget built on some robust revenue growth, if it doesn't materialize, state could face difficult funding challenges.

- Flint Water Crisis Continues
  - $37 million for Safe Drinking Water Efforts (2016-17 Proposed Budget)
  - $15 million Food & Nutrition programs
  - $63 million for Physical, Social and Educational Well-Being
  - $50 million in reserve funding for future needs in Flint
  - $1.2 million for MSUE work in Flint on crisis
  - Total = $232 million – proposed to be one-time, but long term costs are real – need to have some recurring funding.
State Funding 2017-18 Challenges

- Detroit Public Schools (DPS)
  - Debt expected to reach $515 million (m) this year
  - New system = $200 million in startup/reinvestment (2017 Proposed Budget)
  - The previous DPS system would be responsible for that $200m + $515m in legacy costs and would have to repay the state by FY 28 - Michigan’s Tobacco settlement proceeds

- Statewide Infrastructure Prioritization
  - $600 million (2017-18 Proposed Budget for Roads from the General Fund)
  - Replacement of known high-risk lead service lines across the state
  - Infrastructure upgrades while repairing roads or other utilities
## FY17 & FY18 Budget Planning

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>2016-17 Proposal</th>
<th>2017-18 Pro-Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>2.6%</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Includes restoration</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>3.7% Res Lower Div</td>
<td>4.0% Res Lower Div</td>
</tr>
<tr>
<td></td>
<td>3.9% Res Upper Div</td>
<td>4.0% Res Upper Div</td>
</tr>
<tr>
<td></td>
<td>4.2% Non-Res UG</td>
<td>4.0% Non-Res UG</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>4.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Faculty Salaries</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>-5.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Health Care</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Competitive Programs</td>
<td>-</td>
<td>$5.0</td>
</tr>
<tr>
<td>Competitive Talent</td>
<td>0.5% Provost Market</td>
<td>0.5% Provost Market</td>
</tr>
<tr>
<td></td>
<td>0.5% Special Retention</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>$5.0</td>
<td>$5.0</td>
</tr>
<tr>
<td>Base Budget Reduction</td>
<td>0.0%</td>
<td>-1.0%</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td><strong>$1,317.0</strong></td>
<td><strong>$1,363.4</strong></td>
</tr>
</tbody>
</table>
Peer Group: Public Research Universities (Carnegie)
EMPOWER EXTRAORDINARY
THE CAMPAIGN for MICHIGAN STATE UNIVERSITY
MSU RAISES $272 MILLION FOR BEST FUNDRAISING YEAR IN UNIVERSITY’S HISTORY

Contact(s): Tom Osweld, Bob Groves

Not to be outdone by the previous two record-breaking fiscal years, Michigan State University has closed the 2015-16 books on what is officially the most successful fundraising year in MSU history, a year in which $272 million was raised toward the Empower Extraordinary campaign goal of $1.5 billion.


To date, more than 249,000 donors have contributed more than $1.2 billion toward the campaign goal. The campaign is scheduled to conclude in 2018.

"The success of this campaign shows how MSU’s mission to drive innovation and discovery, while providing world-class education and experiences for our students, is important to all those supporting Empower Extraordinary," MSU President Lou Anna K. Simon said. "We are grateful for our donors’ generosity, which again demonstrates how Spartans’ individual strength can become a collective power that has extraordinary impact."

Across the board, fundraising markers of success were up.

There were 110,873 donors to the university in the 2016 fiscal year, up from 102,513 donors in 2015. Gifts from individuals were up 16 percent, from last year’s $152 million to $176.9 million this year.

Among those individuals, alumni donors contributed $114.2 million, and contributions from MSU faculty and staff totaled $24.9 million – which represent 12- and 55-percent increases, respectively, over last fiscal year’s totals.

Seventy-three percent of all dollars raised came from gifts of 6-, 7- and 8-figures, with four gifts of more than $10 million; 53 7-figure gifts; and 289 gifts in the $100,000-$999,000 range.

Support from corporations and corporate foundations jumped 90 percent, from $16.7 million last fiscal year to $31.8 million in 2016.

The total raised in fiscal 2016 includes both outright gifts and new pledges of gifts over time. Not all of the funds are immediately available for expenditure – more than 48 percent of the dollars raised will go toward endowments.
Total Gift Production and Cash Receipts

**Total Gift Production**
- All new gifts acquired in the current fiscal year including new pledges and bequest intentions – a measure of new development productivity.

**Cash Receipts**
- The most conservative accounting of giving, accounting for only actual gifts in-hand

(CAE-VSE Survey)

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**Total Gift Production**
- $272 Million
  - Bequest Intentions
  - New Pledges
  - Life Income Gifts
  - Gifts In-Kind
  - Outright Gifts

**Cash Receipts**
- $178 Million
  - Received Bequests
  - Pledge Payments
  - Life Income Gifts
  - Gifts In-Kind
  - Outright Gifts
Total Giving Activity

New gift commitments: cash, pledges, in-kind, planned

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$141</td>
</tr>
<tr>
<td>2010</td>
<td>$137</td>
</tr>
<tr>
<td>2011</td>
<td>$125</td>
</tr>
<tr>
<td>2012</td>
<td>$174</td>
</tr>
<tr>
<td>2013</td>
<td>$207</td>
</tr>
<tr>
<td>2014</td>
<td>$238</td>
</tr>
<tr>
<td>2015</td>
<td>$238</td>
</tr>
<tr>
<td>2016</td>
<td>$272</td>
</tr>
</tbody>
</table>
Impact of Large Gifts

- Gifts in Kind $1 M+
- Cash/Planned Gifts $1 M+
- Cash /Planned Gifts 100K < $1 M
- Cash / Planned Gifts < $100K

Fiscal Year

- 2011: 18 Gifts, $41 Mil
- 2012: 32 Gifts, $64 Mil
- 2013: 28 Gifts, $101 Mil
- 2014: 42 Gifts, $119 Mil
- 2015: 48 Gifts, $90 Mil
- 2016: 55 Gifts, $112 Mil

Millions

- 2011: 96 Gifts, $24 Mil
- 2012: 141 Gifts, $38 Mil
- 2013: 201 Gifts, $53 Mil
- 2014: 229 Gifts, $50 Mil
- 2015: 245 Gifts, $74 Mil
- 2016: 289 Gifts, $75 Mil
CAMPAIGN PRIORITIES PROGRESS

Millions

Engine of Opportunity
$400 Million
$349
87%
Creativity, Discovery & Learning
$350 Million
$269
77%
Global Problem Solver
$300 Million
$224
75%
Vibrant Community
$450 Million
$389
87%

Updated: 6/30/16
PROGRESS TOWARD CAMPAIGN GOAL

June 30, 2016
$1.23 Billion

Goal
$1,500

Updated: 6/30/2016
IT’S NOT JUST WHAT WE DO, BUT WHY AND HOW WE DO IT THAT DISTINGUISHES US AS SPARTANS.

SPARTANS WILL.
# Secrets to MSU’s Success

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Genuine, smart, friendly, hardworking</td>
</tr>
<tr>
<td>Community</td>
<td>Collegial atmosphere fosters feeling of belonging</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Diversity of background, experiences, and perspectives inspires creativity</td>
</tr>
<tr>
<td>Freedom</td>
<td>Autonomy unleashes personal potential</td>
</tr>
<tr>
<td>Opportunity</td>
<td>Unlimited pathways for inspiration and opportunity to contribute to a bigger purpose</td>
</tr>
<tr>
<td>Impact</td>
<td>Personal and collective impact through global connections make a real difference in people’s lives</td>
</tr>
</tbody>
</table>
# MSU Brand Platform: A focus on how we achieve impact

<table>
<thead>
<tr>
<th>TAGLINE</th>
<th>Spartans Will.</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSITIONING</td>
<td>MSU’s talented, passionate people and open, collaborative culture empower opportunity and create extraordinary impact for a better world.</td>
</tr>
</tbody>
</table>

## Individual Strength
- **We have an amazing work ethic.**
  - We are unpretentious and incomparably tenacious. No challenge is beneath us—or too big to tackle—if it makes a difference in people’s lives.
- **We turn talent to good.**
  - Talent is the essential element that drives us forward. We foster it, invest in it, recognize it, and turn it to the common good.
- **We excel on teams.**
  - We are skillful partners, and we celebrate one another’s successes.
- **We value differences.**
  - Our inclusive culture unleashes the creative power of diverse viewpoints and backgrounds.

## Collective Power
- **We foster openness and flexibility.**
  - We empower individuals as they create their own paths of achievement.
- **We believe in partnerships.**
  - Collaboration is often the best way to achieve lasting impact. Getting the best results and building for the future is more important to us than getting all the credit.
- **We connect globally.**
  - We are globally networked, with decades of experience making a difference in communities at home and around the world.

## Extraordinary Impact
- **We affect lives in extraordinary ways.**
  - It’s in our DNA to shape a better tomorrow, helping individuals and communities achieve their potential in Michigan and around the world.
- **We are visionaries.**
  - Our research pushes the boundaries of discovery to solve the big problems of our time.
- **We deliver excellence and opportunity.**
  - We are an elite research university, but never elitist. We are competitive at the highest levels of research and scholarship and supporting the success of a globally minded, diverse population of learners.

## Foundation
- Excellence in research and education: pioneer land-grant university, top 100 research university, AAU member, competitive rankings, vast resources and outstanding facilities, globally networked, $500M plus in federal research funding, solid donor base, strong enrollment demand, large and socioeconomically diverse student population, strong mission of access and opportunity, more than half a million alumni globally, top-ranked athletics programs.
Focusing Forward
Sighting In on Disruptors and Trends
Disruptors

• Macro forces shaping the “lay of the land” that will mark our future
• Everyone’s realities; not unique to MSU
• Risk holds both potential for opportunity AND for threat
Disruptors
Macro-Trends

The big sustainable-global-prosperity issues. Persistent over long periods of time. Included at the forefront of national and international concern are trends around:

- Alternative energy
- Climate change and resource depletion
- Water, food security and hunger
- Disease and health
- Poverty
- Escalating cultural, regional and ideological conflicts
- Increasing disparities between “haves” and “have nots”
- Displacement of large populations
Insights from Trends
Relevancy for higher education and Team MSU
Inspires AND Informs AND Inhibits High Performing Leadership

What do futurists “see?”
21st Century Leadership Realities

Re-Shaping the World and Higher Education:

Messy, Dynamic Clusters of Mega-Trend Opportunities/Threats and Strengths/Weaknesses
21 Century Leadership Realities Include Clusters Around:

- Global Humanitarian Issues
- Protectionist “Me” Pushing Against Inclusiveness of “We”
- Defining Student Success is Strengthening as a Policy/Practice Common Ground
- Value-Centric Tensions in Enterprise Expectations
- Campus Environment Issues Playing Locally and at the Value-Added Enterprise Level
- Financial Management as Institutional Strategy as Well as a Fiduciary Responsibility
- Prominence of Calls for the Re-Design of Higher Education from Inside and Outside Higher Education
- New, Vastly Different Networks are Changing the Ways in Which People Connect to Work and Relate
- Globally Engaged is Necessary—No Longer a Competitive Advantage Option
Global Humanitarian Issues

Developing “Perfect Storm” around Global Humanitarian Issues

Terrorism, war, hunger/food security, poverty, migration/immigration, disease/health, natural disasters, climate change, ….
Protectionist “Me” Pushing Against Inclusiveness of “We”

- Narrowing “Lens” Through Which Individuals, Communities, Nations See Themselves
- Valuing “Sames”
- Diversity a “Survive /Thrive” Leadership Issue—Both as a Core Value and a Competency to Utilize as a Lever for Competitive Advantage (including people/talent, ideas/beliefs, culture/race/ethnicity/gender/sexual orientation)
- Activism by Demand, Calls for Action, and Litigation
Defining Student Success is Strengthening as a Policy/Practice
Common Ground

- Growing Accountability and Transparency to Assure Affordability, Accessibility, and Student Success (including, new business models and approaches to state/federal funding, financial aid, academic technology, educational delivery, new business models)

- Increasing Expectations for Immediate Outcomes as an ROI Model (across the mission of student learning outcomes, scholarship and engagement activities)

- Talent Development and Talent Transfer Shifting from “Job Defined” to Globally Competitive (including competition for international and out-of-state students and globally-competitive faculty, T-shaped students, learning across span of careers)

- Credentials/Certificates Matter

- The Knot Tying Together Intercollegiate Athletics and Academic Values Continues to Fray
Value-Centric Tensions in Enterprise Expectations

- Regulation Continues to Dominate as Approach to External Control and Accountability

- Wobbling Balance Between the Public Good/ Private Good Value of Higher Education

- Special Tensions on Public Research-Intensive Universities to Recognize Value of both STEM Disciplines and Arts and Humanities
Campus Environment Issues Playing Locally and at the Value-Added Enterprise Level

- Campus “Place” and Work/Living/Learning Spaces Leveraging Competitive Advantage

- Increased Proactivity Around Campus Health and Safety Issues (including mental health, work-life balances, and student athlete special risks, the University as a health care provider as well as a safety-net, increasing expectations around support of “wellness”)
Financial Management as Institutional Strategy as Well as a Fiduciary Responsibility

- Pressures of Competition, Economic Trends, and Accountability Create a “Triple Bind” for Keeping in Balance Revenues, Expenditures, and Student Enrollments

- Cost Control, Pursuit of Alternative Revenue Sources, Era(s) of Scarcity and Changing Expectations/Demands

- Becoming More “Green” Defining the New Normal as Sustainability Becomes a Valued “Bottom Line”

- Increasing Public Policy Tolerance in Funding Models Disadvantaging Large, Public, Research-Intensive Institutions

- Impact on Economic Development and Job Creation, both Locally and Globally, Continues to be Underestimated

- Knowledge-Based Community Outreach Gaining Potency Connecting Strengths and Engaging with Purpose
Prominence of Calls for the Re-Design of Higher Education from Inside and Outside Higher Education

➢ Consolidations/Mergers/Acquisitions Dominate Institutional and Programmatic Restructuring

➢ Proliferation of the Range of Political and Special-Interest Agendas Exerting Great Influence

➢ “Political Winds” Blow Priorities “Off Course”

➢ The Research/Teaching Tension Continues to Push at the Restructuring of Faculty Work Expectations

➢ Research Activity an Academic/Industry/Government Ecosystem

➢ Tentative Traction for Public Understanding of AND Support for “Betting-on-the-Future” Investments in Fundamental/Discovery Research
New, Vastly Different Networks are Changing the Ways in Which People Connect to Work and Relate

- Social Media Defines Relationships
- Privacy as a Public Issue
- Access-to-Knowledge “Divides” Continue to Deepen Among Technology “Haves” and “Have Nots”
- Competitive Advantage in Being a “Wave Rider” with Technology and Utilization of Big Data (including culture and capacity for innovation, rate of technology adoption, educational delivery innovations and disruptions)
Globally Engaged is Necessary – No Longer a Competitive Advantage Option

- “Distinction” Defined as “Competitive Advantage”
- Globalization of Higher Education as an Issue of National Pre-Eminence
- International Engagement as a Significant Competitive Advantage for Students/Faculty/Staff
What does The Association of Governing Boards identify as the Top Strategic Issues for 2016-2017? Very little change from year to year, but a call for this as a time in which leadership “must be bold.”

• The Financial Aid Business Model
• The Partnership Imperative
• The Earning Power Value Proposition
• Student Success
• The Changing Professoriate
• Diversity and Inclusion
• Campus Safety
• Changing Environment for Higher Education
2026: The Decade Ahead

• What are the big issues/threats we’ll face in the decade ahead? What is your biggest worry for MSU in the decade ahead?

• What are the most important long-term issues about which we should be thinking?

• What is unique about how these issues will impact MSU?
Team MSU: Focusing on HOW We Achieve Impact

- **Our Identity Position:**
  - MSU’s talented, passionate people and open, collaborative culture empower opportunity and create extraordinary impact for a better world

- **Our Essence to Be Known for Our Powerful Impact on the World:**
  - Individual Strength—Our people set us apart
  - Collective Power—Our open, collaborative culture is built to power and empower
  - Extraordinary Impact—We boldly live our values as we pursue our land-grant purpose and world-grant moral imperatives to make the world a better place
Team MSU: Putting it Together for MSU in the 21st Century

Identity of Heritage and Aspiration, of Strategy and Vision: MSU has a relevant and sustainable identity for creating impact and building “greater good.” Michigan State University will remain a research intensive university with AAU standing and land-grant values.

Core Values: The distinct philosophical imperatives of “quality,” “inclusiveness,” and “connectivity” that define the contributions we—as individuals and as a university—make to society.


Moral Imperative: Land-Grant Values and Ideals in a 21st century World-Grant context.

Strategic Positioning: Bolder by Design – Orchestrating Complexity, Accelerating Performance with a Purpose, Elevating Competitiveness and Collaboration.

Brand: Spartans Will—Today and every day, working to advance the common global good in uncommon ways.

The Campaign: Empower Extraordinary.
Team MSU Focusing Forward: Imagining Scenarios

How do we imagine ways to make time an advantage? The “clock speed dilemma” in a world that is increasingly asynchronous and more discordant? The speed of getting things done? The time-dimension variability across different functions? The “right speed” tension of agility and stability?

How do we imagine MSU as a “platform?” beyond our array of academic programs and services?

How do we imagine both inventing and adopting technology?

How do we imagine our learning culture? Learning platforms where a sense of place is disrupted or distorted? Where the connection between revenue and the unit of the learning experience is disconnected?

How do we imagine what constitutes success in the decade ahead?

How do we imagine the “Wow Factors” that get MSU into the national spotlight?
What are the barriers that we create that impede success? How do we break through them? Eliminate them? How do we hole each other accountable for success?
Sowers for a Future Not Our Own
Sowers of a Future Not Our Own

Some reflections on the 21st century essence of Michigan State University*

Every now and then there are extraordinary moments when
It helps to step back and take a long view.
A long view from where we stand in time and place
Allows us to see what we must do now to assure greatness for the future.

Greatness sown by our impact reaching beyond our efforts;
Beyond what we can imagine.

We accomplish in our work only a tiny fraction of
The magnificent potentialities that are the collective impact of MSU.
Nothing any of us do is complete, which is a way of saying
That together we create something bigger that any one of us.

No strategy accomplishes all that can be done.
No vision fully expresses our aspirations.
No set of goals and objectives includes everything that is our University.
No plan brings perfection.
No program accomplishes the University's mission.
No new discovery is an end unto itself.
No individual effort brings wholeness.

This is what we are about:
We sow the seeds that one day will grow.
We nourish seeds already planted by others, knowing that they hold future promise.
We lay foundations that will need further development.
We provide yeast that expands far beyond our capabilities.

We cannot do everything, and there is a sense of
Energy in realizing that.
This enables us to do something,
And to do it very well.
It drives us to be better tomorrow than we are today.

We sow with knowledge, and with passion.
Sowing is incomplete, but it is a beginning,
A step along a journey,
An opportunity for growth to begin, new ideas to take shape.

We may never see the end results.
But that is the difference sowers make for
A world that is more prosperous, more sustainable, more inclusive, more caring.

We are sowers of a future not our own.
Examples of Resources and Illustrative Links which Inform the Profiles of Disruptors, Macro Trends, and 21st Century Leadership Realities


Protectionist “me” pushing against inclusiveness of “we”: [https://www.aei.org/publication/is-protectionism-a-product-of-higher-inequality-or-weak-income-growth/](https://www.aei.org/publication/is-protectionism-a-product-of-higher-inequality-or-weak-income-growth/)


Campus environmental issues playing locally as well as at the value-added enterprise level:  


Prominence of calls for redesign of higher education from inside and outside higher education:  
[http://www.openspaceworld.com/waveriders.htm](http://www.openspaceworld.com/waveriders.htm)

New, vastly different networks are changing the ways in which people connect to work and relate:  

Globally engaged is necessary—no longer a competitive advantage: option:  [http://www.universitybusiness.com/article/driving-competitive-advantage-your-university-talent-management](http://www.universitybusiness.com/article/driving-competitive-advantage-your-university-talent-management)
“Bridging” between the high performing leader best practices and the mega-trends clusters, a “third party” perspective from the world of executive search firms is potentially relevant. For example:

**A DIFFERENTIATING VISION: HOW UNIVERSITY PRESIDENTS CAN FORGE A NEW FUTURE**—from the Witt/Kieffer executive search firm (Robert M. Smith on “skills and strategies needed to shape higher education’s uncertain future,” emphasis on the leadership skills and vision necessary to counter the “Walmart-ization” of higher education.


An additional “layer” for the 21st Century Mega-Trends synthesis:

**TECHNOLOGY TRENDS 2016: INNOVATING IN THE DIGITAL ERA, A PUBLIC SECTOR PERSPECTIVE**—From Deloitte, a well-constructed dive into innovative and disruptive technology trends.


**THE FUTURE OF EVERYTHING** -- the July 8, 2014 Wall Street Journal Report continues as 2016-relevant. It is a comprehensive, yet succinct, overview of where WSJ-identified “future watchers” see world heading. Recently, the WSJ launched an annual magazine with this same title.

**TEN TRENDS IMPACTING HIGHER EDUCATION**—a set of PowerPoint slides from the World Future Society in a “soup to nuts” three-to-five year forward look.


https://www.universitybusiness.com/article/higher-ed-thought-leaders-forecast-2016-trends

**TOP STRATEGIC ISSUES FOR BOARDS, 2016-2017.**—annually the Association of Governing Boards for Colleges and Universities publishes an analysis of what they consider the top issues of the day and about which governing boards should be informed.