

# President's Memorandum to Faculty and Staff

Office of the President  
November 15, 2010

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## Budget Forums

Thank you to everyone who attended the two budget forums I presented this past week. In the presentations, I began by looking back on the last decade of economic challenges in Michigan and the current conditions of the state budget, which by any measure are sobering.

The last decade has been an economic disaster for Michigan. We rank 51<sup>st</sup> among the states (and District of Columbia) in population growth, real per capita gross domestic product and income, and employment. Michigan has lost 1 in 6 jobs since June of 2000 and two out of every three jobs in the auto industry. Beyond transportation, every sector in Michigan has lost jobs except education and healthcare. The losses in manufacturing (49%) and construction (39%) are staggering.

During this period we have moved from being a wealthy state to a poor state, falling from 20<sup>th</sup> to 37<sup>th</sup> in the nation in per capita income. This is a lower ranking for Michigan than at any time these statistics have been kept, including during the Great Depression.

With no population growth, the loss of jobs, economic decline and significant tax cuts, revenue for the state's general fund has declined by 24% in the past four years. Adjusted for inflation, general fund revenue has decreased by 42% in the last decade. Perhaps more stunning is the disparity in state budgetary support during this decade. Funding for human services is up 59%, community health up 51%, public schools up 18%, corrections up 14% and transportation 9%. However, during this period funding for higher education is down 15%.

The state's current general fund is conservatively estimated to have more than \$1.1 billion in one-time funding. The school aid fund has \$500 million in one-time funding. Beyond this an additional \$800 million in tax cuts or credits will hit next year, stretching the general fund deficit to \$2 billion. There is much current talk in Lansing about eliminating the Michigan Business Tax Surcharge and then the Michigan Business Tax. These represent \$715 million and \$1.7 billion in revenue, respectively. While there is ongoing discussion of replacing this funding with a flat corporate tax, initial estimates are that this would generate less revenue.

At the forums I next presented an overview on the Ferris budget. Last year's University budget totaled \$262 million. The largest component of our budget is the general fund, which is \$183 million for this current year. The second largest is auxiliaries, of which housing and dining constitute \$33.8 million this year. Summaries of both budgets were distributed and are accessible on-line at

[http://www.ferris.edu/htmls/administration/president/OurBudgetOurFuture/FY11\\_Budget\\_Summary.pdf](http://www.ferris.edu/htmls/administration/president/OurBudgetOurFuture/FY11_Budget_Summary.pdf) . The current challenges to our budget are declining state support, our heavy dependence on tuition, and the continued increases in healthcare costs.

At Ferris we have addressed the continued decline in state funding by reducing our budget in anticipation of state actions, looking to do this proactively rather than reactively. Over 70% of our budget is invested in people. Largely through not filling open positions and the implementation of last year's early retirement incentive, we have 115 fewer people employed here

than two years ago. As a result of the reductions in workforce many of us are working much harder. These reductions have, however, positioned us well for what seems to be an almost inevitable next set of budget reductions from the state.

Last week was the first series of budget forums I have hosted where no additional budget reductions were announced. With the exception of Academic Affairs, which is still working through final reductions, we do not need to trim the budget further at this time. Beyond careful planning on difficult budget decisions, we are financially well positioned because of our continued strong enrollment growth. All indications are that we continue to be the choice of students throughout the state and region. This is very important as every 100 full-time students enrolled for fall and spring semester represent \$1 million in revenue.

I concluded the forums discussing our efforts to foster increased student success, ongoing discussions about organizational structure, and our efforts to raise additional funding through gifts and grants. If you did not have the opportunity to attend one of the budget forums, the presentation is available at

[http://www.ferris.edu/htmls/administration/president/OurBudgetOurFuture/Budget\\_Presentation\\_110910.pdf](http://www.ferris.edu/htmls/administration/president/OurBudgetOurFuture/Budget_Presentation_110910.pdf) . For additional information I encourage you to begin by working through these slides. If you have questions about this material, please email me, [eislerd@ferris.edu](mailto:eislerd@ferris.edu) . I look forward to hearing from you.

### **General Education and Academic Program Review**

Last Tuesday Professor Fred Heck, the University's General Education Coordinator presented an update on the General Education Task Force's progress to the Strategic Planning and Resource Council. Task force members have been meeting with colleges for feedback on the draft set of outcomes that will help integrate the educational experience for Ferris students.

There will be two town hall meeting this week focusing on a first draft of student learning outcomes for the General Education Program. Those meetings will take place on Thursday, Nov. 18, at 11 a.m. in IRC 121 and Friday, Nov. 19, at 3 p.m. also in IRC 121. I want to express my thanks to committee members Dan Adsmund, Mike Berghoed, Tracy Busch, Terry Doyle, Fritz Erickson, Mike Feutz, Don Flickinger, Rick Griffin, Doug Haneline, Fred Heck, Leonard Johnson, Nancy Lashaway-Bokina, Elsie Lovested, Kristen Salomonson, Randall Schroeder, Nate Tymes, Mike Wagenheim and Lisa Wall. I hope you will attend one of this week's meetings to provide input and help advance this important process.

On Tuesday evening the Academic Senate will gather to consider the report of the Academic Program Review Committee. The work of the APRC is an exemplary example of ongoing program review at our University. Program review requires many hours of effort by program faculty, chairs and heads in preparation and engagement with the process. Members of the APRC spend three hours each Tuesday and Thursday evening during the first ten weeks of the fall semester considering these submissions and preparing their report. I want to express my special thanks to their chair, Matt Wagenheim, and members Roger Daugherty, Lisa Eshbach, Brad Isler, George Nagel, Gregg Potter, Fran Rosen, Gary Todd and Helen Woodman for their powerful commitment to academics at our University.

## Closing Thoughts

The Ferris community was saddened to hear of the passing of Jack Fleming. As one of the founders of the Emeriti Association, Jack put his energy into staying actively involved with the University. My first experience with Jack was his participation on the search committee when I was selected as President. I remember well the questions he posed at that time. Jack was always interested in new ideas and would call or visit periodically with thoughts on our University and its future. I will miss him. At a time when we are stressing the importance of engagement, Jack's efforts are a tangible example of how new avenues for becoming engaged can be created.

In case you did not see it, here is a link to a recent *Grand Rapids Press* article about men's basketball player Justin Keenan, who was named preseason Division II Player of the Year: [http://www.mlive.com/smallcolleges/grandrapids/index.ssf/2010/11/ferris\\_states\\_justin\\_keenan\\_a.html](http://www.mlive.com/smallcolleges/grandrapids/index.ssf/2010/11/ferris_states_justin_keenan_a.html). The men's basketball team garnered significant national attention after tying the University of Indiana in regulation at IU's home court.

Finally, it is remarkable to think that we are already in the last full week of classes before the Thanksgiving weekend. For many in the Ferris community - and especially our students - this can be the busiest time of the academic year as projects and papers are coming due. After Thanksgiving there are just two weeks of classes before exam week. Soon, many of you will be traveling during this very busy time on the highways. Please drive safely. The Michigan Department of Transportation has an interactive map that shows construction, lane closures and other information and helpful links. The site is accessible at <http://mdotnetpublic.state.mi.us/drive>.

I am hopeful that the Thanksgiving break will provide a time for you to visit with family and friends.

Sincerely,

David L. Eisler, President