

President's Memorandum to Faculty and Staff

Office of the President
February 19, 2008

Now that Governor Granholm has made her fiscal year 2008 budget recommendations, I want to share some thoughts on how this budget could affect Ferris State University.

The Governor's budget proposal is based upon January revenue estimates and uses \$125 million of the carryover balance from FY 2007. It also makes use of one-time revenues of approximately \$60 million from bonding to securitize tobacco revenues and savings from refinancing general obligation bonds. On the other side of the ledger, there are \$235 million in proposed reductions - \$62 million from community health, \$50 million from corrections, \$40 million through refinancing of debt, \$17 million in human services, \$63 million from employee/retiree health care reforms, and \$3 million from other budgets.

This is an education-friendly budget with an overall budget increase to higher education of 3%. This would be distributed through a three-part funding formula that helps low-income students, supports university research efforts, and rewards good graduation rates. Wayne, Michigan and Michigan State would be funded separately and would also benefit from a technology transfer component. A funding increase floor of 2.3% would ensure that that each institution's budget increased by at least that much.

Ferris fares reasonably well under this approach, with a proposed 3.15% increase. Here is the comparison as the budget proposal currently stands -

Lake Superior State	6.22%
UM-Dearborn	5.84%
UM-Flint	5.62%
Michigan Tech	4.39%
Saginaw Valley	3.52%
Wayne State	3.17%
Ferris State	3.15%
UM-Ann Arbor	3.15%
Oakland	2.96%
Michigan State	2.71%
Grand Valley State	2.45%
Western	2.30%
Eastern	2.30%
Central	2.30%
Northern	2.30%

Our proposed increase amounts to \$1,567,100. There will be considerable debate over the funding formula, especially from institutions that would receive less than a 3% increase, which is why I spend one day a week in Lansing working with state leaders. This early in the process there are likely significant changes before a final budget is produced. However, the good news is that the starting point is a funding increase rather than the 10% reduction we have struggled with over the past seven years.

The Governor has proposed universities limit tuition increases to 2.3%. You may recall that several years ago universities were asked to agree to tuition restraint with the promise of protection from funding reductions. Regardless of those assurances, there have been significant cuts to higher education since then.

In my upcoming testimony before the Senate Higher Education Appropriations Subcommittee on February 25th in Grand Rapids, I will stress that focusing only on tuition ignores that decline in state funding. In 2001 we received \$6,094 for each student; today that figure is \$4,324. Had state funding for each student increased at the rate of inflation we would now be receiving \$7,247. This is a stunning reduction of \$2,923 per student. Had we received that support, tuition increases to place us at the same level of funding would have averaged a modest 1.9%.

During this period Ferris headcount enrollment has increased 19.73%; Full Year Equivalent Students have increased 23.51%; and the number of degrees awarded has increased by a remarkable 43%. If you believe as I do, that higher education is critical to individual success and also the key to our state's future, it is clear that Ferris State University has worked very hard to help Michigan and its citizens prepare for a successful future.

This year the House and Senate are on different break schedules, so there is considerable time after my Senate subcommittee testimony before the House convenes for a hearing. We are delighted to host one of the House's subcommittee sessions, scheduled for April 28th, on our own Big Rapids campus.

Finally, the Governor's budget includes recommendations for 10 higher education capital outlay projects. Unfortunately, our Optometry building is not currently one of these. Strong objections were expressed at the Joint Capital Outlay Committee on Wednesday regarding the original bill, which was described as a highly politicized proposal. Our first objective is to get our project added to the bill; the second is to have the Governor approve the project if there is an approved bill and we are included in it.

There is a long way to go with this budget and the legislative session, but the challenges pale in comparison to the obstacles of last year's budget. I look forward to sharing more information as this session progresses.

Sincerely,

David L. Eisler
President

PS:

Special congratulations to the Ice Hockey team and their coach Bob Daniels. This weekend they defeated Miami of Ohio, the #2 ranked team in the nation, not once but twice, 6-5 on Friday and 3-1 on Saturday. Go Bulldogs!

Sunday evening's concert by the Grand Rapids Symphony was an extraordinary experience. There are many, many Festival of the Arts events this week. Take a break from winter and enjoy some art!