

President's Memorandum to Faculty and Staff

Office of the President
February 11, 2005

Yesterday the state budget director announced budget plans from the Governor's Office. Included in these are proposals that have a potential negative impact on Ferris State University. Perhaps you may have heard something of them in last evening's newscasts or in this morning's newspaper. I am aware that proposed budget cuts from the state can be a cause for concern and thought you might be interested in information on these proposals and their potential impact on Ferris. In considering this information, it is important to keep in mind that at this point these are proposals, can be altered or replaced by other ideas, and require approval from the legislature.

The most immediate proposals deal with an estimated shortfall of \$374 million in the current state budget. Today's announcement included an executive order calling for across the board cuts for higher education of 1.87%. For Ferris this would mean a cut of \$859,900 in our current year's budget. The executive order will be considered by the legislative appropriations committees on Tuesday. Personally I am particularly disappointed by this proposal. You may recall that last year's tuition restraint agreement included an understanding that our budget appropriations would not be cut during 2004-2005. There is possible mitigation on the impact of the executive order for this year. An accompanying proposal would replace these base budget dollars with one-time funds for this year.

The proposed budget for next year pushes hard for tuition restraint. The governor's budget proposes a 6.4% budget reduction or \$3,934,305. If we meet tuition restraint stipulations that include a tuition increase of not more than 5%, institute no new types of student fees, and increase support to financial aid spending by the same percentage as tuition, the proposed cut would be reduced by a tuition restraint incentive of \$2,998,000. This would make our budget cut \$957,900. This is the amount of the executive order cut described above plus an additional \$98,000.

There is no way for me to suggest that the above is good news. While I believe it is important to share this information with you, it is equally important for me to emphasize how fluid and changing a situation this is. A significant number of ideas and plans are floating around that would if adopted treat universities much more favorably. We are working very hard with the legislature, governor's office, and other universities to create support for higher education. However, if these cuts do become a reality we will manage our finances in such a way as to protect our people and our programs.

It was and is my hope that with the support of the governor for the Cherry Commission that higher education would be treated much more favorably than the proposals described above. There is not a logic that suggests a commitment to higher education as the future for our state can

be accompanied by this continued approach of reduced funding. The complete text of the executive order and proposed budget are available here - <http://www.michigan.gov/budget>

As more information becomes available I will share it with you. If you would like to discuss these budget proposals in greater depth I would encourage you to join me for lunch in the Centennial Dining Room on Wednesday, February 16. Thank you for your help and support as we address these funding challenges from the state.

Sincerely,

Dave Eisler