

President's Memorandum to Faculty and Staff

Office of the President
January 16, 2004
Ext. 2500

I want to take this opportunity to update you on our budget and the steps we are taking to address reductions in state funding. As you know in December the Governor issued an executive order that included a 5% reduction for higher education. For Ferris State University this represents \$2.5 million. This is both a cut for this year's budget and a base reduction for next year's budget.

Before the semester break we received a number of very helpful suggestions and recommendations from faculty and staff. I want to thank you for your willingness to offer thoughts on how we can conserve our funding. In budget deliberations with the president's council we considered and implemented a number of these suggestions.

We have approached budget reduction in the following steps. First we addressed any remaining shortfalls from the 10% budget reduction received for the beginning of 2003-2004. Next we dealt with the 5% budget reduction from the Governor's executive order for 2003-2004, treating this as a one-time reduction. Finally we developed a preliminary budget for 2004-2005, implementing the executive order of 5% as a base cut.

Budget Actions

At Ferris we are fortunate to have experienced significant enrollment growth for 2003-2004. With these increased tuition revenues we are able to reduce the mid-year budget reduction to 3% or \$1.5 million. Working with deans and directors, vice presidents have been able to address this shortfall through one-time measures including savings, open positions, and some budget reductions. As a result of careful fiscal planning, this cut can be addressed without further reductions in staffing for the 2003-2004 year. Additionally we will be able to accomplish this without a mid-year tuition increase to students, something I believe is also very important.

The most difficult part is the base reduction for 2004-2005. For me there are still significant concerns regarding the state's budget for 2004-2005 and we must plan for the possibility of an additional cut from the state for next year. As a result I believe we must take the entire 5% cut as a base reduction of \$2.5 million. Our approach is designed to protect people and academic programs. As a result we have softened the blow to academic affairs, reducing their cut to 4.6%. To compensate the reduction for other divisions is 5.6%.

Vice presidents and vice chancellors have been given substantial flexibility within divisions to develop initial plans for 2004-2005. Their reduction plans are a combination of approaches including retirement incentives, VRIPS, and the elimination of open positions. Additionally directors, deans, vice presidents, and vice chancellors have the flexibility to continue to revise these plans throughout this semester.

It is impossible to describe \$2.5 million of reductions within the scope of this memorandum. However I can provide an overview. We have worked hard to reduce administrative costs. As a result we are not filling the vice president for university advancement and marketing, the assistant to the president, four assistant or associate dean vacancies and one department head position. At this time reductions will also eliminate seven open faculty positions and seven staff positions. Beyond this we are acting on a suggestion received from a number of individuals and asking administrators who are qualified to teach a course. This will help reduce supplemental faculty costs. There are also additional reductions in part-time positions and some supply\expense budgets.

In approaching budget reduction we have not implemented a hiring freeze or eliminated all university travel. My experience is that these approaches, while appearing bold, tend to be simplistic and unrealistic to implement. I believe your expectation of our administration should be that we will be more thoughtful and skillful in balancing the budget. During this period of reduced funding we have tried to look toward the long-term future of the university. As a result it is my recommendation we move forward with the Banner software conversion. While this is a significant university investment, I believe the cost of delaying, both financially and in operating capabilities, would be much more.

Closing Thoughts

Reducing budgets is never an easy task. A 5% cut on top of a 10% reduction is doubly difficult. I want to express my sincere thanks to our vice presidents, vice chancellors, and deans, who I believe have wrestled with very difficult decisions and developed a plan which protects our people and programs, but also leaves the university in a fiscally sound position. I am very proud of each of them and consider it an honor to work with them.

I am hopeful you will find that we have followed the principles for budget reduction we established and presented to you -

1. Students come first. Educating and supporting students to achieve personal growth and graduation is always the highest priority. In large measure, we will achieve this by maintaining high quality academic programs.
2. Cuts will not be made "across the board." Doing so is a recipe for mediocrity.
3. Budget reduction must focus on the long-term health of the institution. The future success, and the special, important mission and role of the university will not be sacrificed on short-term, stop-gap solutions. Cuts that reduce the revenue to the campus or shift the burden to other divisions should be avoided.
4. Bureaucracy must be cut, efficiency improved, and administrative costs reduced.
5. The University will aggressively pursue other funding sources. Seeking external gift, grant, and project support from private sources and government agencies will be a high priority. These funds cannot replace base funding, but will help ensure educational quality.
6. The University cannot be all things to all people. We must have the courage to eliminate or consolidate efforts in order to preserve the overall quality of the institution. We must preserve the unique mission and role that Ferris has and plays in our community and state.

7. Students, faculty, and staff will be consulted about budget reductions; those closest to the decision point often have the best ideas for providing services at a lower cost.

I want to encourage each of you to share with me your comments, suggestions, and concerns regarding this plan and these actions. Please feel free to send these via email or to join me on Friday, January 23rd at 3:00 pm in the Rankin Presidents Room. At this time I have scheduled an open session to visit with the university community and answer your questions on budget reduction.

There is no denying that these are challenging budgetary times for higher education in Michigan. I believe we will address these challenges with thoughtfulness and resourcefulness, protect our people and programs, and emerge a strong, vibrant university. Further I look forward to our future with both excitement and optimism for what we can accomplish together. Please accept my sincere thanks for your help and support.

Sincerely,

David L. Eisler
President