Current Operating Funds Revenues - FY 2009 - $236 Million
(Amounts in Millions)

General Fund, $171
Designated Fund, $9
Auxiliary Fund, $37
Expendable Restricted Fund, $19
FSU General Fund Revenue Perspective

FSU - 2010
- Tuition: 71%
- State: 27%
- All Other: 2%

FSU - 1980
- Tuition: 29%
- State: 68%
- All Other: 3%
State Appropriation per FYES
FY 01 Indexed for Inflation Compared to Amount Paid

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>$6,094</td>
<td>$6,302</td>
<td>$6,415</td>
<td>$6,553</td>
<td>$6,698</td>
<td>$6,899</td>
<td>$7,161</td>
<td>$7,348</td>
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- Paid Appr/FYES
- CPI Adjusted FY01 Appr/FYES
10-Year Tuition Increase
Resident, Undergraduate taking 15 Credits

<table>
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<tr>
<th>Year</th>
<th>New Students</th>
<th>Continuing</th>
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<tbody>
<tr>
<td>FY 01</td>
<td>$4,000</td>
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<tr>
<td>FY 02</td>
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<td>FY 08</td>
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<td>FY 09</td>
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<td>$10,000</td>
</tr>
<tr>
<td>FY 10</td>
<td>$8,500</td>
<td>$10,500</td>
</tr>
</tbody>
</table>
Tuition and State Dollars per FYES
Indexed to Inflation

FY 01 to 09 Increase in FSU Tuition
And State Dollars per FYES average
2.6% - less than the rate of inflation
increase
State GF/GP Budget Status  
Current Year – 2009 -2010

• Deficit of $1.8 billion

• Stimulus funds used to offset approximately $1 billion

• Budget reductions of $843 million (8%)
  – University appropriation reduction (3.2%)
  – Significant Student Aid Reduction (54%)
State School Aid Fund Budget Status
Current Year – 2009 -2010

• Projected Spending of $12.8 Billion
  – Reflects $165 per pupil reduction, $263 million (2.2%)
  – Additional vetoes, reductions for $100 million (3% total)
  – Beyond this $127 per-pupil proration
    may be offset with stimulus funds (not approved)

• Budget Balanced with $450 Million Stimulus

• Stimulus funds depleted
  – Only about $184 million left for FY 2011
State General Fund Budget Status
2010 - 2011

• Deficit of $1.6 billion to $2.0 billion
  – Governor has asked State departments to develop plans for 20% budget reductions
• Stimulus funds depleted
  – Only about $400 million available
• Continuing Economic Decline
  – Unemployment in September at 15.3%
• Election Year Implications
• Inability to Enact Tax Increases
• State will not ask Universities to submit budget requests
State General Fund Revenue

Fiscal Year

Millions

Source: Senate Fiscal Agency
Result:
State Spending > Inflation

State Spending Has Out-Paced Inflation

By using one-time budget fixes during the past decade, the state has out-spent inflation in most budget categories. Further, the state has spent the least in areas that would most drive economic growth – higher education and transportation.

Michigan Beyond 2010

• Spending pressures grow 6.5% per year

• Baseline revenues grow 2.8% per year or less
  – Revenues grow unevenly due to Earned Income Tax Credit and Income Tax increase phase-out
  – Average annual revenue growth reduced to 1.5%

• Shortfall averages 5% per year

Source: Citizens Research Council of Michigan
Ferris State Actions

- Six budget forums – information, transparency, provide opportunity for questions, input, engagement
  - February – budget overview
  - March – net assets, economic stimulus, impact of tuition freeze
  - April – general fund detail, finalize reduction priorities
FSU Budget Actions 2008-2009

• November -$2.5 million reduction
• February - additional $2.5 million reduction (by June 1)

• March – VPs and Deans engage faculty and staff in budget savings discussions, result is 45-page listing
• April 2009 – Summary constructed from budget suggestions
• SPARC Committee prioritizes summary

• Ferris Cares – Opportunity @ 125 announced to provide immediate assistance to students
FSU Budget
2009-2010

- FSU Budget reductions of $2.5M
  - State reduction of 3.2% - $1.6M
  - Remaining $900K of reduction used to restrain tuition
- Tuition increase of 5.3%
- University covers Michigan Promise and Michigan Competitive Scholarships for fall semester with $1.15 million in federal economic stimulus funds
A Statement
On Our Budget
Our Future
Questions?

Thank you for taking time to join me today for discussion on these very important issues.

Dave Eisler