

President's Memorandum to Faculty and Staff

Office of the President
February 28, 2011

Budget Forum Materials

Last Wednesday I presented a budget forum on Governor Rick Snyder's proposed state budget and its impact on higher education funding. There has been a great deal of media attention given to the governor's proposal, but very little of this has focused on higher education. For me this is stunning given this represents the largest percentage reductions for higher education funding in Michigan history.

Here are some of the points from my presentation. The budget makes significant changes in Michigan tax structure. If adopted as proposed, it would –

- Address \$1.4 billion in deficits and abolish the Michigan Business Tax, which eliminates \$1.8 billion in revenue.
- Eliminate the exemption for retiree pensions. This is a critical and controversial component, which represents \$900 million of the \$1.7 billion in new revenue in this budget.
- Eliminate some business tax credits, and reduce or eliminate nearly all personal tax credits.
- Reduce business taxes by \$1.075 billion and increase taxes on individuals by \$820.9 million.

The proposed reduction to higher education is 21.9 percent, which is reduced to 15 percent if public universities do not increase tuition more than 7.1 percent. The only reduction approaching this magnitude is a 13 percent in revenue sharing for communities. For state education, the budget –

- Combines community colleges (no decrease) and public schools (four percent decrease) in the School Aid Fund.
- Replaces all but \$1 million of financial aid for college students with federal Temporary Aid for Needy Families (TANF) funds.
- Increases funding for the Tuition Incentive Program.

At Ferris, if the proposal is adopted, we will meet the tuition restraint expectations. A 15 percent cut represents a \$7.3 million reduction in our budget. Under this plan our state funding will fall from \$48.6 to \$41.3 million. This is what we received from the state in 1993.

Large cuts to higher education should not be a surprise to anyone at our University. We began to work on this in February 2009, in a series of sessions titled, "Our Budget, Our Future." Last Wednesday I read to the group the opening statement from our November 2009 forums. It is worth rereading and accessible here -

http://www.ferris.edu/htmls/administration/president/OurBudgetOurFuture/Budget_Opening_Statement_111609.pdf

At that time we prepared for several scenarios, the worst being a \$10 million reduction. Over this time the worst case scenario has proven to be true. We have taken \$10 million from the budget and, fortunately, \$7.3 million in budget reductions remain that can cover this cut without further reductions at this time. However, that means all funds removed from our budget in four difficult series of reductions will have been expended. Further reductions from the state or enrollment declines will mean additional budget cuts.

Beyond the staggering size of this cut there remain considerable concerns about the budget –

- The Governor proposes, but the legislature develops the budget. What will be the final product?
- Will more tax cuts emerge, further reducing revenue?
- The budget includes the pension tax and state employee concessions. Will these make it through the legislative process?
- There is much attention on schools, revenue sharing, the tax on pensions, but little on higher education. What is the priority for higher education?
- With the move of higher education into the school aid fund, how does it fare in the future against schools and community colleges?
- Why are there no cuts to corrections?
- Can TANF funds be used broadly for student financial aid in this way?

My thanks to those who attended the budget forum. This is a topic of great interest and we had a very good turnout. For those whose schedules or location did not allow them to take part in person, I have posted materials from this forum online. They can be accessed at http://www.ferris.edu/htmls/administration/president/OurBudgetOurFuture/Budget_Presentation_022411.pdf. Please take the time to become familiar with this issue of great importance to Ferris State University.

Legislative Sessions

This Wednesday I will be giving testimony to the higher education subcommittees of both the state House of Representatives and Senate. This is one of the opportunities our University has to explain to lawmakers the impact this budget would have on our students.

In my remarks I will outline how the state's disinvestment in higher education started long before the current economic crisis. For many years now governors and legislators from both parties have voiced the need to have an educated workforce to move Michigan forward, but unfortunately those statements of support have not translated into actions that would help our students. This is also the case with financial aid, which has dropped dramatically in the last two years.

Because too often in these discussions we deal with the abstraction of higher education funding, in my presentation I will highlight the stories of Ferris students. It is our students, struggling to afford their studies, that are most affected by the loss of state support. The materials used in my presentations will be available on the Ferris website. Testimony from previous years is available at <http://www.ferris.edu/htmls/administration/president/presentations.htm>.

In preparation for this legislative session I have spent considerable time in Lansing. Before presenting these remarks I will have visited personally with each member of both high education

subcommittees. By doing so each representative or senator knows Ferris and hopefully has developed an appreciation for the good work you are doing to prepare students for success.

Basketball and Hockey Successes

Congratulations to our women's basketball team and coach Tracy Dorow, who won their final game of the season against Grand Valley on Saturday in a thrilling three-point victory. Our men's team did not fare as well, losing a heartbreaker in overtime on a shot that dropped as time expired. Saturday we celebrated our 1,000th men's basketball victory with a record crowd of 2,443 people. In a remarkable achievement in the first half senior Justin Keenan set the all-time conference career scoring record. Our men's team captured the north division crown of the GLIAC, is the top seed in the Conference Tournament, and will host a quarterfinal game on Wednesday evening at 7 p.m. This is a critical contest against Saginaw Valley. A victory will put us in the semifinals and the conference tournament would be hosted here on Saturday and Sunday.

Our men's hockey team defeated Ohio State twice on the road to finish the regular season in a strong fashion. Thursday's victory was a shootout after both regulation and overtime ended in a tie. Friday they scored the winning goal with two minutes remaining in regulation. Our team finished 5th in the CCHA and has earned a first round tournament bye. They will next be in action on Friday, March 11th when they play at Western Michigan in a best of three-game quarterfinal series.

Congratulations to all of our student athletes and best wishes to them as they enter conference tournaments.

Sincerely,

David L. Eisler, President