

President's Memorandum to Faculty and Staff

Office of the President
November 14, 2003
Ext. 2500

It is difficult to pick up a newspaper, listen to the radio, or watch television without mention of the current shortfall in the State of Michigan budget. I want to take this opportunity to present an analysis of the current situation, provide a short history of recent reductions at Ferris State University, put forward budget reduction principles, and ask for your help in this process.

Current estimates suggest that the shortfall in this year's state budget is between \$900 million and \$1 billion. A definite timeline has not been released, but it is reasonable to believe that the governor and legislative leaders will begin to meet before Thanksgiving with an executive order issued sometime during December. At this point the question is not whether there will be a reduction in state funding, but rather how much this will be.

A History of Funding Reductions

In considering our approach to budget reduction, it is useful to review recent reductions in state funding to our University. As many of you may know, state funding for 2003-2004 was reduced by 10% or \$5.5 million.

The University response was to reduce costs by that amount. Cost reductions have not been applied equally "across the board." Past reductions to the Executive area and the College of Professional and Technical Studies have been the most severe, 14% and 13% respectively. The Division of Administration and Finance has been reduced 10% with 9% cuts to Governmental Relations and Students Affairs. Academic Affairs and University Advancement and Marketing have been cut between 5% and 6%. It is worth noting that self-sustaining areas including the Kendall College of Art and Design and auxiliary services like housing and dining do not receive state funding support and, as a result, are not reduced.

An Approach to Budget Reduction

At this point we do not know the severity of budget reduction. In preparation, I am asking vice presidents and deans to develop and propose budget reductions at the 5%, 7%, and 10% levels. These will be collected in early December and serve as a starting point for the development of a budget reduction plan. This will be followed by extended conversation and review with the goal of presenting a proposed budget plan to the campus in early January.

In considering these levels of state funding reduction, it is worth remembering that this is not a cut of all funding. Approximately 42% of the university general fund operating budget is provided by the state. As a result 5% less from the state is a total general fund operating reduction of 2.08% and 10% would be a reduction of 4.15%. However, the challenge for any midyear reduction is that

we are already well into the fiscal year; some funds are expended, and others are already committed.

It is important to approach the budget reduction process in a principle-based fashion. Toward that end, I have proposed the following principles to guide our budget reduction efforts -

Budget Reduction Principles

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, stopgap 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.

Opportunities for Input and Consultation

It is very important that you have the opportunity for input and consultation in this process. Toward that end I have scheduled four open campus forums as we begin to develop our budget reduction plans. These are scheduled as follows:

Tuesday, November 18th at 9:00 am in the Rankin Presidents Room

Wednesday, November 19th at 11:00 am in CSS 201 VW

Wednesday, November 19th at 4:00 pm in the Rankin Presidents Room

Wednesday, December 3rd at 12:00 pm in the Rankin Presidents Room

I very much want to hear your thoughts, ideas, and suggestions about possible budget reductions and about how we can lobby the legislature and the governor to help reduce possible reductions to higher education. It is much easier to suggest reductions to others than one's self. What would be most helpful would be if you were to suggest ideas within your own area that could create greater efficiency or that could yield budget savings.

There are two additional opportunities for submitting budget reduction and lobbying ideas. We have developed a special form on the President Office's website,

<http://www.ferris.edu/htmls/administration/president/planning2003.htm>. You also can send an email directly to me, eislerd@ferris.edu.

Closing Thoughts

The next three weeks will be critical in determining how large a budget reduction we receive. I need your help in convincing our legislature and governor that higher education is a very important priority and should be protected from additional cuts as much as possible. Please write your representative, senator, and the governor to express your support for higher education. I believe the most effective communication is a short letter either hand-written or typed. The message is simple. Higher education has already been cut 10%. Colleges and universities help create economic growth for our state and bright futures for our citizens. Please do not mortgage the future of Michigan by further cutting higher education funding.

Here is the contact information for our governor -

<http://www.michigan.gov/gov/0,1607,7-168-21995---,00.html>. Senate information is available here - <http://www.senate.state.mi.us/> and representative information here - <http://www.house.mi.gov/representatives.asp>. I will be making a similar request of our students and alumni, but need your help now. Elected officials do respond, but we must make the effort to contact them. Thank you for helping to remind our elected officials of the importance of higher education. Together we can make a difference.

In my visits and conversations on campus I hear frequently about the needs you have for increased funding and the many demands that have been placed upon you. I truly wish that I could provide the financial support you need. Regrettably that is not the reality of our current situation. However I believe that Ferris State University is positioned as well as is possible for a university that has already undergone a 10% funding reduction this year. We have been extraordinarily frugal with enrollment growth funds and they will help cushion this blow.

Reducing budgets can be a heart-wrenching experience. Throughout this process there will be times when we will face very difficult decisions. As we begin I want to offer you three promises. First, you have my word that we will do everything possible to positively influence the state's decision on reductions to Ferris. Second, I pledge that I will share our progress throughout as we pursue this task. Third, we will do our best to protect our university so it can emerge from this period as strong as is possible.

If you are experienced in higher education, you know as I do that down cycles reverse and that we will see better economic times. We will rise to this challenge and solve these immediate problems with a strong commitment to our future. During these next few months I will need your thoughts, wisdom, and support as we seek to resolve truly difficult issues.

Sincerely,

David L. Eisler
President