

President's Memorandum to Faculty and Staff

Office of the President
December 2, 2009

Budget

I want to thank everyone who attended one of our recent budget forums. If you were unable to attend, I want to share the information I provided on the challenges facing our state and our actions at Ferris State University to address this. Below is overview of the situation, which I used as an opening statement and hard copy hand-out. The PowerPoint presentation that accompanied my remarks, as well as a list of the Strategic Planning and Resource Council's priorities for budget reduction suggestions is available at www.ferris.edu/htmls/administration/president/Budget.htm.

Thank you for taking the time to consider the economic challenges facing our University.

Opening Statement: Our Budget and Our Future

Most of us are aware of the continuing serious budget challenges we face. Unfortunately, the budget approved by our state does not solve the financial challenges Michigan currently faces. This year's budget, which contains more than a billion dollars in one-time economic stimulus funds, is based on an unrealistic projection in the general fund, and has other shortcomings. In reality, the state will still face a staggering \$1.6 billion budget shortfall or more for next year. In three years revenues for the state general fund will have decreased by more than 40% from \$9.4 to \$5.3 billion.

For higher education the prognosis is especially bleak. This year the state eliminated the Michigan Promise Scholarship and half of the funding for the Michigan Competitive Scholarships. Funding for five other state student programs in Michigan was also eliminated and/or reduced. In a time when considerable pressure was applied to the University to constrain tuition, the state increased the cost burden for our students by reducing both scholarship and financial support by 54%.

More ominously, the perspective from Lansing is that higher education was protected during this year's budget, and as a result should be prepared for larger reductions next year. Because of language in the federal economic stimulus package, higher education could not be reduced below 2006 funding levels. Here at Ferris, we have already taken this budget cut and used the stimulus funds to assist our students.

Michigan continues to lead the nation with an unemployment rate of more than 15 percent. Considering those who are underemployed or not seeking employment, this number could be as high as 25 percent. Despite hope and optimism, there will almost certainly be more significant budget reductions for higher education as our state grapples with historic unemployment figures, outward migration, and the restructuring of the domestic auto industry.

As we meet together today, please understand the purpose for our gathering. We need to use our time today to take a step back and articulate what we all see in front of us. Our state is in a very serious recession, an economic and education crisis of major and historic proportions. It is highly unlikely to improve in a way that will put us on a path to economic stability - to say nothing of growth - any time soon.

We understand this reality and recognize we can deal with this long-term challenge together. At Ferris we are no strangers to budget reductions. As we work through our seventh year of budget reductions together we have now trimmed our budget more than \$11 million. We have done this without layoffs, protecting jobs through careful, conservative management of resources and innovative approaches to increase revenue. It continues to be both my desire and intent for us to protect jobs for as long as possible.

We will make every effort to continue to avoid layoffs and we will work as hard as possible to find ways to prevent anyone from losing his or her job, his or her income, his or her security. But we cannot do this unless we have your help. We can only do this if everyone pitches in. This is not the time to stand on the sidelines and critique; this is the time to become engaged in finding solutions. Last year I posed this question in our budget forums, and it applies even more today: *This is not the time to be asking, what do we get, but rather, what can we do?*

We are in a period of steadily declining Michigan high school graduate numbers. In unprecedented numbers, these graduates are choosing community colleges as the place to begin their education. With the continued decline in state support, our University is more dependent upon tuition than at any time since we became a state institution. Even though we are the fastest growing public university in Michigan, to avoid even greater cuts it will be necessary we sustain this pattern of enrollment growth. The math is simple, 105 full-time students represent \$1 million in revenue. The career orientation of our programs has helped us to maintain, and even expand, our position as a leader in career-oriented education, even as the state's economic situation has declined. However, even the relevance of our degrees cannot insulate us from the state's economic realities.

Last year we worked to develop budget reduction priorities. These were based on funding reduction projections of \$5 million, \$7.5 million and \$10 million, respectively. We have now cut \$5 million from the budget. Beginning in December we will again begin this process of examining our costs, looking for savings, efficiencies, and possible reductions. Throughout, I pledge we will do this in a manner that engages you, shares information openly and transparently, anticipates the future, and works proactively rather than reactively. As we move forward we must understand that the focus of our attention and our effort together is our students, their learning, and their needs.

There is no denying the challenge that lies ahead of us, but it is one we are well positioned to meet and overcome. I look forward to working with you to carve out our future in this time of historic financial adversity. Together I know that we can and will do this. Your help is needed, you are needed, your thoughts and your willingness to work through this together are needed. Our success relies on your help. With your help we will get through this and continue to build a greater university together.

University Policies Page

As part of the University's effort to make information about how we function as readily available as possible, a wide range of University policies can be accessed at www.ferris.edu/htmls/staff/policies/index.htm . These include Board of Trustees Policies, Business Policies, Human Resources Policies and Procedures, Academic Affairs Policy Letters, Student Affairs Policies and Miscellaneous policies that cover everything from graphic standards to parking rules and regulations.

Also, there are also two policies currently under consideration - "Safe Campus" and "Threat Assessment" - which can be reviewed by clicking on "Policies Under Consideration," or going directly to www.ferris.edu/htmls/staff/policies/policyunderconst.htm . On that same page

you also have the ability to click on a hyperlink that will open up an e-mail allowing you to send your feedback about these proposed policies. It is our intent to share proposed policies in this fashion and to provide the opportunity for comment from all members of our community. Please take the time to share your thoughts on these important proposals regarding campus safety.

Closing Thoughts

During the budget forums I mentioned that there is no better place to be than Ferris State University for tackling the issues that face higher education. This is especially true on the last Ferris Pride Day of 2009. Thank you for all that you do for Ferris and our students.

Sincerely,

David L. Eisler
President