

Announcement: Michigan Public School Employees Retirement System Refund

This is a memorable and unique day for Ferris State University. As part of an internal review for new federal reporting requirements, the state Office of Retirement Systems discovered that a portion of the payments we made to the Michigan Public School Employees Retirement System over an extended period were not reported correctly by them. Today the university received a refund of \$17.3 million from MPSERS for overpayments we have made since 1997 and the accrued interest on the overpayment.

It is important to emphasize that the refund we received does not change in any way the benefits any current or future Ferris retirees receive or will receive. Also, the refund does not represent any funds that any past or current Ferris employees may have paid. The refund comes from funds the university paid to MPSERS as billed by them to us under state requirements. The formula under which the overpayment took place was developed and calculated by the retirement system. Neither Ferris nor any of the other six MPSERS universities has the ability to oversee MPSERS' actuarial or billing functions.

My understanding of how this situation developed is this: When our status as a MPSERS institution changed in 1997, some of our annual payments were not credited as university payments to the actuary, creating an overpayment to the pension fund. As a result, we and the other MPSERS universities paid more money than required by law, which has resulted in the refund we received today.

This refund covers our payments through the end of 2014 and the interest on them. Additionally, we will receive a second check later this fall once the state has closed its books on the fiscal year which ends Sept. 30, 2015. It is estimated this second check will be approximately \$1.3 million, bringing the total amount refunded to Ferris to \$18.6 million. Although this is a significant amount of money, it should be remembered that these are one-time funds. Once spent, they will not be renewed.

The overpayment by public universities was discovered by a MPSERS accountant this summer as part of reporting requirements. Since that time we have worked with the Office of Retirement Systems and MPSERS to arrange this transfer of funds. MPSERS requested that we not share this information until the transfer was made. Because this affected not just Ferris State University but all MPSERS universities, and wanting to make certain the process moved forward smoothly, this seemed prudent.

With this opportunity, I believe in the strongest possible way that we should use these funds to help our students, who need more scholarship and financial support. We can and should put this refund to work to help our students not just today, but tomorrow and into the future. Placed in the Ferris Foundation as a scholarship endowment, these funds will generate \$837,000

in scholarships for our students during the first year alone. Thanks to the careful stewardship of the Ferris Foundation, we have the ability both to invest in student scholarships and also grow the endowment for future generations.

Over the past four years we have worked very hard to address and reduce student debt to keep a Ferris degree affordable. This is a singular opportunity to make an unprecedented leap forward in these efforts. As you consider this prospect, I look forward to hearing your ideas about how best to help our students and how these scholarship funds might be used. There will be an opportunity to share your thoughts at my strategic plan open forum tomorrow, Thursday, Oct. 1 at 9:30 a.m. in UC 203. If your schedule does not allow you to attend, please feel free to e-mail me your ideas at eislerd@ferris.edu.

With this unexpected additional resource, we are poised to make a positive difference for our students. This is a very exciting and welcome development. Thanks to the hard work of our university community on behalf of our students, we can take full advantage of this opportunity for them. With careful budgeting and the priorities we have established through our strategic planning process, we are extremely well-positioned to leverage this refund to the benefit of our students both now and for many years to come.

David L. Eisler, President