



FERRIS STATE UNIVERSITY
Imagine More



Campus Budget Forum

2012 Higher Education Budget

David L. Eisler, president
Sally DePew, budget planning
February 2011



FERRIS STATE UNIVERSITY

Imagine More



Governor Snyder's 2011-12 Budget Recommendation

- Addresses \$1.4B deficit
- Eliminates Michigan Business Tax - \$1.8B
- Total of \$3.2 billion in budget changes
 - \$1.5B in spending reductions
 - \$1.7B in new revenue



FERRIS STATE UNIVERSITY

Imagine More



New Revenue

Eliminates -

- Tax exemption retiree pensions - \$900M/yr
- Business tax credits
 - Film, battery, Brownfield, others
- Personal tax credits
 - Contributions to public universities, earned income tax credit, city income tax credit

Impact by Taxpayer Type:

Businesses	-\$1.1B
Individuals	\$.8B



FERRIS STATE UNIVERSITY

Imagine More



Spending Reductions

(All Funds)

\$1.5B Across Most State Departments

- Universities (-15%)
 - Largest percentage decrease of all areas
- Revenue Sharing (-13%)
- School Aid (-4.2%)
- Community Health (-4%)



Higher Education

- State Education Funding Act combines
 - School Aid (K-12)
 - Community Colleges
 - Higher Education
- School aid fund subsidized with general fund revenues



FERRIS STATE UNIVERSITY

Imagine More



School Aid Fund Issues

- Creates P-20 funding structure
- Higher education priority vs. public schools, community colleges
- Stability of funding sources, School Aid Fund is supported by:
 - 73% of gross sales tax revenue
 - 100% of State 6-Mill Education tax
 - All net lottery sales
 - 33% of gross use tax revenue
 - 42% of cigarette tax revenue
 - All real estate transfer tax
 - All of state casino wagering tax
 - Approx. 23% of gross income tax revenue



FERRIS STATE UNIVERSITY

Imagine More



Education Funding

- K-12 per-pupil foundation cut \$300 (4%)
- Community Colleges – held at FY 11 levels
- Public Universities – 22% reduction
 - Tuition restraint grant brings reduction to 15%
 - Requires tuition restraint at 7% increase or less
 - Is tuition grant base or one-time
 - FY 2013 higher education appropriations determined through formula



FERRIS STATE UNIVERSITY

Imagine More



State Financial Aid

- Tuition Incentive Program increased to \$43.8M, only increase in financial aid funding
- Combines competitive scholarship and tuition grant into need-based Pathway to Higher Education grant
- Shifts funding for most all financial from state general fund to Federal TANF funding (Temporary Assistance Needy Families)



FERRIS STATE UNIVERSITY

Imagine More



FSU FY12 Appropriation

Operations	\$37,971,600
Tuition Restraint Incentive	\$ 3,352,700
Total	\$41,324,300

Source of Funds:

- School Aid Fund 58%
- General Fund 42%



FERRIS STATE UNIVERSITY

Imagine More



Ferris State University

- Recommended cut is 21.9% reduction
 - Lowest appropriation level since 1989
 - Largest percentage reduction ever
- With tuition restraint grant cut becomes 15% reduction
 - Lowest appropriation since 1993
- Largest percentage reductions for higher education funding in history of Michigan



Ferris Response

- We will cut the budget by \$7.3M
- Student tuition will not be used to cover this cut from the state
- 2012 Tuition will meet tuition restraint guidelines



FERRIS STATE UNIVERSITY

Imagine More



Ferris Response

We have prepared for this reduction

- Budget forums beginning in 2009
- Initiated a series of 4 phased reductions
 - Phase 1 - \$2.5M
Used in 2009-10 for 3.2% State reduction, tuition restraint
 - Phases 2 through 4 - \$7.3M
Reductions identified and held by vice presidents
Included early retirement incentive for staff
Academic Affairs still finalizing Phase 4 reductions



FERRIS STATE UNIVERSITY

Imagine More



Fiscal Year 2013

- Governor has proposed second-year “planning” budget
 - Not official, sets the tone for State plans
- Higher education maintained at FY 2012 level
 - University appropriations determined via incentive-based formula developed by state budget director and enacted by the legislature



FERRIS STATE UNIVERSITY

Imagine More



Budget Concerns

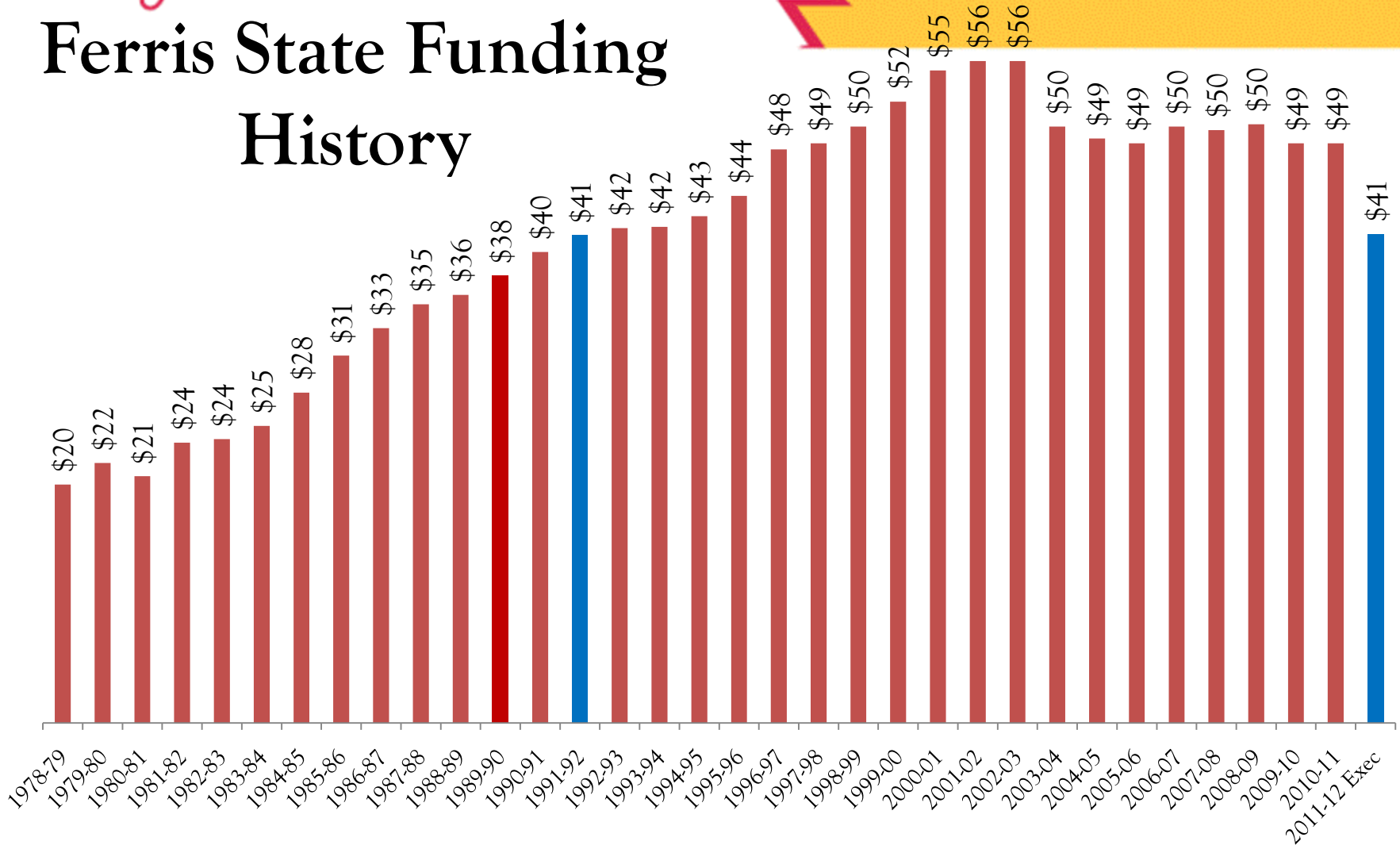
- Governor proposes, legislature develops, what is final budget?
 - Do more tax cuts emerge, reducing revenue?
 - Includes state employee concessions
- Much attention on schools, revenue sharing, tax on pensions, little on higher education
 - What is the priority of higher education?
 - What happens to higher education in school aid fund?
 - No cuts to corrections
- Other uncertainties
 - Can TANF funds be used for nearly all student financial aid in this way?
 - What does funding formula do for next year?



FERRIS STATE UNIVERSITY

Imagine More

Ferris State Funding History



Amounts in Millions of Dollars



FERRIS STATE UNIVERSITY

Imagine More



Ferris State Today

- Planning makes us well prepared for 2011-12 reduction
- No additional University budget cuts are planned at this time
- Continue to control costs and find ongoing efficiencies
- Monitor carefully and work hard in Lansing
 - House Higher Education presentation Wednesday.



FERRIS STATE UNIVERSITY
Imagine More



Thank You

*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.*

Dave Eisler