

Opening Statement

Enrollment and Budget 2018

February 21 and 22, 2018

Thank you for taking time to visit with me today. I look forward to hearing your questions and thoughts on our budget and our future. Since 2013, we have been talking about the decreasing numbers of Michigan high school graduates, its impact on our enrollment and the related financial consequences.

The impact across Michigan higher education from this decrease in high school graduates is staggering. Last fall only three of the 15 Michigan public universities showed an enrollment increase and there were 10,590 fewer students this fall than in 2013. At community colleges, the impact is even greater. Collectively there were nearly 48,000 fewer students enrolled this fall in Michigan public universities and community colleges than in 2013.

Demographic projections suggest these declines will continue. Over the next five years graduates from Michigan high schools are predicted to decrease by an additional 6.4%. In 2022 there will be 20% fewer students graduating from Michigan high schools than in 2010. This means that collectively over the next five years there will be 116,000 fewer students graduating from Michigan high schools than in the period leading up to 2010.

Since 2010 the number of students graduating from Michigan high schools has decreased 15.25%. During the first years of this period and through exceptional effort we were able to first increase enrollment and then sustain enrollment. In the fall of 2012 we experienced our first decrease in university-wide student credit hours. At first these were relatively small. Unfortunately, this is no longer the case. The past two years there have been significant decreases of 3.97% and 3.33%. The number of new freshmen and transfer students has declined for the past five years. Last fall we enrolled 14.66% fewer new students than we did in the fall of 2013.

Our University is dependent upon tuition for 76% of the general fund budget. Declining enrollment, and the subsequent decrease in tuition revenue received, has a significant impact. Over the past two years we have reduced the budget in Big Rapids first \$5.15 million and then \$4.1 million. At Kendall we have reduced the budget \$1.3 million in the past two years. In just two years we have reduced the university budget \$10.55 million.

At Ferris we meet budget challenges straight on. We do not ignore revenue declines and cover them up with short-term, stop-gap solutions. This misguided approach only ends up in more difficult decisions down the road. While it requires difficult decisions we will balance our operating expenses to the revenues we generate. To do otherwise is to place the education of our students in jeopardy.

Why do this now? These past two years we have reduced budgets largely after the fact, gathering numbers in the fall and then making the reductions needed. After two years of decline, and with a continued decrease in the number of high school graduates, without significant change it is likely this pattern will continue. As the cuts become more and more difficult, we need to address this reduction in funding proactively, anticipating the decline in this coming year and planning for the declines in subsequent years.

As we meet together today, please understand the purpose for our gathering. We need to use our time together to take a step back and articulate what we all see in front of us. Our state is in a very serious period of demographic change, an education crisis of major and historic proportions. It is my sincerest hope that our strong efforts at student recruitment will produce improved results, along with improved retention. However, even if we maintain or grow our market share, the diminished number of potential new students and the lower number of new students from previous years will likely result in an enrollment decline. We do not talk about competition often in higher education but other institutions in Michigan face the same challenge and the competition for new students will be even more intense as the pool of students continues to decrease.

We need to understand this new reality and recognize that we can handle this long-term challenge together. Going forward we need to do everything we can to maintain and protect the quality of the educational experience we provide our students. 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. This is the time to be asking what can we do?

We need your assistance in 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 as in years past, it is one we will meet and overcome. In this challenge there is opportunity, and we will find it and seize it. I look forward to working with you to shape 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, your thoughts, and your willingness to work through this, we will continue to build a greater university together.



David L. Eisler, President