Our Budget, Our Future:

Operating Budget, Net Assets, Economic Stimulus, Tuition, and University Actions

David L. Eisler, president
Sally DePew, budget planning
March 20, 2009
Current Operating Funds Revenues - FY 2008 - $232 Million

- General Fund, $167
- Auxiliary Fund, $36
- Expendable Restricted Fund, $17
- Designated Fund, $12
FSU FY 08 General Fund Spending

- Instruction and Academic Support: 55%
- Student Services: 7%
- Plant: 13%
- Institutional Support: 13%
- Mandatory Transfers: 6%
- Financial Aid: 6%
Ferris’ FY 09 General Fund Operating Budget
- $172 Million

Tuition 69%
State 29%
Other 2%
Revenue
FSU General Fund Revenue Perspective

FSU - 2009
- Tuition: 69%
- State: 29%
- All Other: 2%

FSU - 1980
- State: 68%
- Tuition: 29%
- All Other: 3%
State Appropriation per FYES
FY 01 Indexed for Inflation Compared to Amount Paid

- FY 2001: $6,094
- FY 2002: $6,203
- FY 2003: $6,336
- FY 2004: $6,476
- FY 2005: $6,671
- FY 2006: $6,924
- FY 2007: $7,105
- FY 2008: $7,247

Paid Appr/FYES vs CPI Adjusted FY01 Appr/FYES
Tuition and State Dollars per FYES
Indexed to Inflation

FY 2001: $11,674
FY 2002: $14,425
FY 2003: $15,704
FY 2004: $14,398
FY 2007: $14,398
FY 2008: $14,398
FY 2009*: $15,704

Legend:
- Red: Tuition and State $/FYES
- Blue: CPI adjusted
- Blue: HEPI adjusted
Net Assets

• Net Assets - difference between assets & liabilities

• Classifications
  – Capital Assets
  – Restricted Assets
  – Unrestricted Assets

• Are one-time funds, once spent do not replenish
FSU FY 2008 University Net Assets - $249 Million
(Amounts in Millions)

- Invested in Capital Assets: $125.6
- Restricted Schol/Loan: $27.8
- Restricted Other: $1.8
- Unrestricted: $93.4
FSU Unrestricted Net Assets as of June 30, 2008 - $93.4 Million
By Major Components
(Amounts in Millions)

- Development: $24.9
- Auxiliary Operations: $1.8
- Student Loan Funds: $1.1
- Other: $10.2
- Divisional Carryover/Encum.: $12.6
- Maintenance: $25.7
- Plant Projects in Progress: $17.2
- Divisional Carryover/Encum.: $12.6
FSU Unrestricted Net Assets as of June 30, 2008 - $86.9 Million
By Major Components (Excludes Kendall)
(Amounts in Millions)

- Carryover Encumbered: $12.4
- Plant Projects in Progress: $16.1
- Maintenance: $20.4
- Development: $24.9
- Auxiliary Operations: $1.8
- Student Loan Funds: $1.1
- Other: $10.2
FSU Net Assets
Development
(Amounts in Millions)
(June 30, 2008)

<table>
<thead>
<tr>
<th>Department</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferris Foundation</td>
<td>$13.2M</td>
</tr>
<tr>
<td>Department Activities</td>
<td>$5.9M</td>
</tr>
<tr>
<td>College Development and Gifts</td>
<td>$3.1M</td>
</tr>
<tr>
<td>University Development and Gifts</td>
<td>$2.5M</td>
</tr>
</tbody>
</table>

Development $24.9
## FSU Net Assets

### Plant Projects in Progress

(Amounts in Millions)  
(June 30, 2008)

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Renovation</td>
<td>$1.9M</td>
</tr>
<tr>
<td>Ice Arena Mechanical</td>
<td>$1.6M</td>
</tr>
<tr>
<td>Pharmacy Auditorium</td>
<td>$1.2M</td>
</tr>
<tr>
<td>Projects in Planning</td>
<td>$3.3M</td>
</tr>
<tr>
<td>Minor capital improvement/dept. projects</td>
<td>$3.5M</td>
</tr>
<tr>
<td>Rankin Student Center</td>
<td>$4.5M</td>
</tr>
</tbody>
</table>

Plant Projects in Progress $16.1
FSU Net Assets
Carryover/Encumbrances
(Amounts in Millions)
(June 30, 2008)

Divisional Balances
  Academic Affairs  $ 6.0M
  Central           $ 1.8M
  General Counsel   $ 1.3M
  Administration & Finance $ 1.2M
  Advancement & Marketing $ .7M
  Student Affairs   $ .5M
  Executive         $ .4M

Encumbered         $ .5M
### FSU Net Assets

**Other**

(Amounts in Millions)

(June 30, 2008)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Initiatives</td>
<td>$4.9M</td>
</tr>
<tr>
<td>Unallocated Investment Income</td>
<td>$2.6M</td>
</tr>
<tr>
<td>Unrealized Gains</td>
<td>$2.1M</td>
</tr>
<tr>
<td>Provision for Self Insurance</td>
<td>$0.6M</td>
</tr>
<tr>
<td><strong>All Other</strong></td>
<td><strong>$10.2M</strong></td>
</tr>
</tbody>
</table>
FSU Net Assets
Auxiliary & Student Loans
(Amounts in Millions)
(June 30, 2008)

Auxiliary Operations:
Residence Halls and Dining $1.1M
Telecommunications $ .7M

Student Loan:
FSU short-, mid-term loans $ .6M
Loans established through gifts to the University $ .5M

Auxiliary Operations $1.8
Student Loan Funds $1.1
FSU Unrestricted Net Assets as of June 30, 2008 - $86.9 Million
By Major Components (Excludes Kendall)
(Amounts in Millions)

- Divisional Carryover/Encum. $12.4
- Plant Projects in Progress $16.1
- Maintenance Reserve $20.4
- Development $24.9
- Auxiliary Operations $1.8
- Student Loan Funds $1.1
- All Other $10.2
FSU Unrestricted Net Assets as of June 30, 2008 - $86.9 Million
By Major Components (Excludes Kendall)
(Amounts in Millions)

- Carryover: $11.9
- Plant Projects in Progress: $16.1
- Maintenance Reserve: $20.4
- Development: $24.9
- Auxiliary Operations: $1.8
- Student Loan Funds: $1.1
- All Other: $1.7
Michigan Challenges

- 2009 unemployment – 11.6%
- No new taxes, calls to cut Michigan Business Tax
- Term limits=inexperience in Lansing
- Outbound migration
  – 67.1% of interstate moves are leaving the state
State Budget Status

• December executive order - $133 million

• Current revenue shortfall $100 million per month

• Another executive order is imminent

• Projected $1.4 billion shortfall from projected 2009 revenues

• $1.6 million reduction
  – 3% operating cut

• Governor’s call to freeze University tuition
  – $6 million shortfall annually
2010 Budget Recommendations

• Projected $1.4 billion shortfall from projected 2009 revenues

• $1.6 million reduction
  – 3% operating cut

• Freeze University tuition
  – $5-6 million shortfall
Economic Stimulus

• 2010 and 2011 higher education state budget cannot be less than 2006 budget
  – 3% reduction puts higher education slightly above 2006

• If 2010 state budget is less than 2008 or 2009, replace difference with stimulus funds for 2010 and 2011

• Purpose for stimulus funds
  – Replace general & operating, mitigate tuition
  – Not to endowment
  – Not for infrastructure or capital projects
Ferris Actions

• November ‘08 vps hold 1% of current year budget

• Planned reductions are in positions and done through attrition

• Additional 1% central reduction

• $2.5 million (5% of state appropriation)
Budget Discussions

• What are the **Opportunities** for savings?

• What are the **Challenges** for these opportunities?

• What **Work** is needed to realize opportunities?

• What are the **Impediments** to reaching these opportunities?
Questions and Discussion

...now is not the time to ask what can we get, but rather, what can we do...

Thank you for caring and for taking time to consider how we best move Ferris forward in these challenging times.

Dave Eisler