Our Budget, Our Future:

Net Assets
State Budget Update
Next Steps and Actions

David L. Eisler, president
Sally DePew, budget planning
January 2010
Current Operating Funds Revenues
FY 2009 - $236 Million

General Fund, $171
Designated Fund, $9
Auxiliary Fund, $37
Expendable Restricted Fund, $19
Net Assets

- Net Assets - difference between assets and liabilities

- Classifications
  - Capital Assets
  - Restricted Assets
  - Unrestricted Assets

- Reported based on close of budgetary year, June 30, 2009

- Unrestricted Net Assets – not on-going base funds, one-time funds, once spent do not replenish

- Unrestricted net assets are down 9.44% from a year ago

Ferris State University
Imagine More
FSU FY 2009 University Net Assets - $237 Million
(Amounts in Millions)

Invested in Capital Assets
$126.7

Restricted School/Loan
$24.9

Restricted Other
$1.0

Unrestricted
$84.5
FSU Unrestricted Net Assets as of June 30, 2009 - $84.5 Million
By Major Components
(Amounts in Millions)

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance Reserve</td>
<td>$24.3</td>
</tr>
<tr>
<td>Plant Projects in Progress</td>
<td>$21.9</td>
</tr>
<tr>
<td>Development</td>
<td>$21.1</td>
</tr>
<tr>
<td>Auxiliary Operations</td>
<td>$1.1</td>
</tr>
<tr>
<td>Student Loan Funds</td>
<td>$1.1</td>
</tr>
<tr>
<td>Divisional Carryover/Encum.</td>
<td>$12.3</td>
</tr>
<tr>
<td>All Other</td>
<td>$2.8</td>
</tr>
</tbody>
</table>
FSU Unrestricted Net Assets as of June 30, 2009 - $78.8 Million
By Major Components (Excludes Kendall)
(Amounts in Millions)

- Maintenance Reserve: $20.2
- Plant Projects in Progress: $20.9
- Development: $21.1
- Auxiliary Operations: $1.1
- Student Loan Funds: $1.1
- All Other: $2.8
- Divisional Carryover/Encum. $11.6
<table>
<thead>
<tr>
<th>Department</th>
<th>Amount ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferris Foundation</td>
<td>7.5</td>
</tr>
<tr>
<td>College Development and Gifts</td>
<td>6.4</td>
</tr>
<tr>
<td>Department Activities</td>
<td>4.6</td>
</tr>
<tr>
<td>University Development and Gifts</td>
<td>1.5</td>
</tr>
<tr>
<td>MI College of Optometry Bld. Gifts</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Development</strong></td>
<td><strong>21.1</strong></td>
</tr>
</tbody>
</table>
FSU Net Assets
Maintenance
(Amounts in Millions)
(June 30, 2009)

Maintenance Reserve $20.2

- Housing/Dining: $5.5M
- Academic Affairs: $4.6M
- Off Campus: $4.2M
- General Fund: $4.1M
- Unit: $1.8M
FSU Net Assets
Plant Projects in Progress
(Amounts in Millions)
(June 30, 2009)

Classroom Renovation $ 3.3M
Projects in Planning $ 5.0M
Minor capital improvement/dept. projects $ 5.1M
Rankin Student Center $ 7.5M

Plant Projects in Progress $20.9
## FSU Net Assets

### Carryover/Encumbrances

(Amounts in Millions)

(June 30, 2009)

<table>
<thead>
<tr>
<th>Divisional Balances</th>
<th>Amount (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs</td>
<td>$ 5.0M</td>
</tr>
<tr>
<td>Central</td>
<td>$ 1.2M</td>
</tr>
<tr>
<td>General Counsel</td>
<td>$ 0.5M</td>
</tr>
<tr>
<td>Administration &amp; Finance</td>
<td>$ 1.1M</td>
</tr>
<tr>
<td>Advancement &amp; Marketing</td>
<td>$ 1.4M</td>
</tr>
<tr>
<td>Student Affairs</td>
<td>$ 0.8M</td>
</tr>
<tr>
<td>Executive</td>
<td>$ 0.7M</td>
</tr>
</tbody>
</table>

**Encumbered**

$ 1.0M

Divisional Carryover/Encumbrance

$11.6
FSU Net Assets
Auxiliary, Student Loans, Other
(Amounts in Millions)
(June 30, 2009)

**Auxiliary Operations:**
Residence Halls and Dining $1.1M

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

**Other:**
University Initiatives $ 2.1M
Unallocated Investment Income $ 4.0M
Unrealized Losses $(3.9)M
Provision for Self Insurance $ .5M

FSU Net Assets
Auxiliary, Student Loans, Other
(Amounts in Millions)
(June 30, 2009)
State of Michigan
General Fund Revenue

[Graph showing revenue over fiscal years from 1998 to 2011.]

- Down 42.5% since FY 2000
- Down 25.5% since FY 2008

Source: House Fiscal Agency
School Aid Fund Net Revenue

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>SAF</th>
<th>SAF Inf. Adj.</th>
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<tbody>
<tr>
<td>1998</td>
<td>$8,797</td>
<td>$8,797</td>
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<tr>
<td>1999</td>
<td>$8,902</td>
<td>$8,902</td>
</tr>
<tr>
<td>2000</td>
<td>$9,310</td>
<td>$9,310</td>
</tr>
<tr>
<td>2001</td>
<td>$9,889</td>
<td>$9,889</td>
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<tr>
<td>2002</td>
<td>$9,994</td>
<td>$9,994</td>
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<tr>
<td>2003</td>
<td>$10,134</td>
<td>$10,134</td>
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<tr>
<td>2004</td>
<td>$10,715</td>
<td>$10,715</td>
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<tr>
<td>2005</td>
<td>$10,615</td>
<td>$10,615</td>
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<tr>
<td>2006</td>
<td>$10,910</td>
<td>$10,910</td>
</tr>
<tr>
<td>2007</td>
<td>$11,082</td>
<td>$11,082</td>
</tr>
<tr>
<td>2008</td>
<td>$11,153</td>
<td>$11,153</td>
</tr>
<tr>
<td>2009</td>
<td>$10,922</td>
<td>$10,922</td>
</tr>
<tr>
<td>2010</td>
<td>$10,451</td>
<td>$10,451</td>
</tr>
<tr>
<td>2011</td>
<td>$10,481</td>
<td>$10,481</td>
</tr>
</tbody>
</table>

Source: House Fiscal Agency

Down 9% Since FY 2008
Down 13.5% Since FY 2000
State General Fund Budget Status
2010 - 2011

• Deficit of $1.6 billion ($1.2 billion in General Fund)
  – Governor has asked State departments to develop plans for
    20% budget reductions
• Stimulus funds depleted
  – Only about $400 million available
• Continuing Economic Decline
  – Unemployment predicted to remain at 15% for 2010
  – Per capita income in Michigan declines sharply
    • 20th in nation 2000
    • 40th in nation 2011
FSU Budget Actions

• 2008-2009
  – November - $2.5 million reduction
    • $1.6 million for 3.3% state reduction
    • $.9 million for tuition restraint
  – June 1 - additional $2.5 million reduction

• 2009-2010
  – January 18 – additional $2.5 million reduction announced
    • One-half of reduction from divisions
    • One-half of reduction centrally
    • Budget reductions identified by Feb. 15
  – Prepared for 10% state cut in 2010-2011 budget
Capital Projects

• Ferris has worked to stimulate the local and west Michigan economy through capital projects
  – Rock Dining Facility
  – East Campus Apartments
  – Optometry Building
  – Campus Infrastructure project

• These projects are bonded and funded.

• In current economic climate benefitted from reduced construction costs

• Will continue to move University forward looking strategically for the long term
  – Federal Building
  – Pharmacy in Grand Rapids
Enrollment

- Tuition is 71% of general fund budget
- 105 students represent $1,000,000 in revenue
- Ferris State University is the fastest growing public university in Michigan with record enrollments
- Spring semester 2010 in Big Rapids
  - Up 463 (1.9%) students
  - Down 2,317 SCH (-1.97%)
  - Down 1,951 SCH (-3.63%) in Arts and Sciences
  - Down 1,153 SCH (-6.77%) in Technology
- Declines in enrollment will necessitate additional budget reductions
Ongoing Fiscal Planning

- Continue open dialogue on budget issues
- Review of campus budget suggestions from last year
  - Review accomplishments
  - Continue to implement where appropriate
- Need your ideas, advice and counsel
- Address more difficult issues while trying to protect jobs
Ferris Forward

• Budget Statement
• Support for Students
  – Tuition
  – Federal Stimulus
• Major Efforts
  – Strategic Plan
  – General Education
  – Higher Learning Accreditation
• Ferris Forward
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