Below are some of the audience questions along with the responses I provided at our “Our Budget and Our Future” sessions on March 4th and 5th. Some of the language has been edited slightly to make it read better on the page, although I have tried to make sure that the full sense of both the questions and my answers remain faithful to the moment in which they were spoken.

David L. Eisler, President

Economic Stimulus:

- **Question:** What will be the impact of economic stimulus funds for Ferris?
  **Answer:** It would be a serious strategic mistake for our state to take the one-time opportunity of economic stimulus funds and use them to replace base funding lost through a budget reduction. After two years the funds will be spent and the shortfall in our budgets will still remain. Delaying the base budget cuts for two years just makes the situation worse. The purpose of the economic stimulus funds is not to backfill for the present, but to build for the future. We should use these funds to help students afford college when so many people are out of work; we cannot gamble with people’s livelihood.

- **Question:** Is there “green funding” in the economic stimulus package and can we use those dollars?
  **Answer:** Yes, there is. Our number one stimulus request is to replace heating and air conditioning systems in arts and sciences as part of the facility infrastructure funds. There are also some funds available to winterize houses, and we are trying to see how Ferris can help with that through our College of Engineering Technology.

- **Question:** In the economic stimulus package is there money for students, like a Pell grant increase?
  **Answer:** Pell has been increased by about $500; 29 percent of our students receive Pell funds. But a Pell grant doesn’t cover all of their costs. It is a grant of $2,500 to students with the most need. I really worry about the students who are the neediest and those in the middle. Giving back a portion of the economic stimulus funds directly to our students is one of the ways that we can battle the public sentiment about freezing tuition.

- **Question:** How is availability of student loans affected?
  **Answer:** There are national articles about loans, but I have not heard much about that impact yet. At Ferris we are encouraging parent-backed loans to assist the students. Banks are offering loans, but the rates are not as favorable.
Ferris Budget:

- **Question:** What can be reduced in the Ferris budget – are we including travel dollars?
  **Answer:** Everything is on the table. We need to work together to make the best decisions to reduce expenses at Ferris.

- **Question:** In calculating for next year’s budget, are there carry-over funds?
  **Answer:** There will be some carry-over, but it is useful to remember that carry-over is one-time, and we don’t depend on one-time in our base budget. Propping up the budget on one-time is a huge mistake. We can be much smarter, more thoughtful and prepare better than that. We need to do the least amount of damage and protect the people around us.

- **Question:** Will these cuts delay building projects?
  **Answer:** In terms of dining halls or housing, those funds are from auxiliary dollars and are self-sustaining projects. This is exactly the time to pursue those projects as we need to continue to attract students to Big Rapids. We could delay on the optometry building, but that’s not a good plan. I promised the Governor that we would put the shovel in the ground on that project as soon as possible, and we hope to start in June. I believe that project is a $27 million investment in the community. We could slow down on other things, though.

- **Question:** I’m hearing about cuts that affect instruction and students. How can we do that and grow the University?
  **Answer:** There are going to be cuts everywhere. Academic Affairs is a significant part of the budget, so there will be cuts; but the cuts have to be done very carefully. We will look at how we can save first, and then cut. We will look at everything; for example, if we are offering three classes, can we do with just two sections? We won’t do things in the most simplistic ways, but rather will make wise choices. Please don’t look at someone else’s budget and suggest how we cut them – look at your own area first.

- **Question:** How far down do we have to go before we reduce staff?
  **Answer:** We have cut $8.5 million since I’ve been here and to my knowledge have not laid anyone off; it is my intent to do our best to protect our people. We have been careful about not filling positions and reducing through attrition, and we are okay for the present. If we get to the point of having to cut $5, 7.5, or 10 million, there may be nothing left to cut. However, I am committed to protecting employees as long and as best as we can.

- **Question:** Are there any principles or values that you are going to use as criteria before faculty or others will be laid off?
  **Answer:** What I have tried to do over my six years here is protect people. We have cut more than $8 million and to my knowledge have not laid anyone off. We are clearly going to protect academic quality. But there will be pain and cuts in all the divisions. With growth we can offset some of the reductions. Our cost per student at Ferris has come up less than inflation – 2.9 percent. We are frugal here and people work very, very hard. I will do all I can to protect our people.
• **Question:** Are you offering buyouts/voluntary retirements/reductions of time?
  **Answer:** We will consider every idea as it comes along. VRIP [Voluntary Retirement Incentive Program] is part of the faculty contract. My personal feeling is to reserve the buyout option in case things get really, really challenging. I hate to lose people who have all these years of experience and knowledge and who really help our students. As to reduction of time, we will consider something like that.

• **Question:** Is overtime an asset to the University or do you view it in another way?
  **Answer:** I try not to make decisions on something like that – people closer to the actual work can make better decisions here than I can. Any time there is a request to fill a position, I have asked the vice president to come and discuss this with me personally. We will consider what else could be done instead of filling the position. That could mean overtime. We need to give our supervisors flexibility to manage their area. Overtime is a tool we can use when it makes sense for the University and helps control costs.

• **Question:** Can we consider the revenue side and invest in opportunities rather than just reduce expenses?
  **Answer:** That is certainly an option. The challenge is that a new revenue stream must be able to support itself in two years – when the stimulus dollars are gone. Can the project produce revenue? We need to grow and invest where we have capacity.

• **Question:** Is there a trend for giving to the University and is it going down?
  **Answer:** Yes, there is a trend and it’s going down – a 20 percent decline in giving is the national number. Because of the decline in financial markets, endowments provide far less than before. Fortunately we don’t have people whose positions are dependent on endowments like at larger universities. We are working hard every day on giving. There will be growth, but it takes courage to buy stock when companies are talking bankruptcy.

• **Question:** Do you have predictions about health-care reform on our budget?
  **Answer:** We don’t have enough information on that yet.

**Tuition/Tuition Freeze:**

• **Question:** How does the Governor call for a freeze and a cut when she is also calling for universities to increase graduates? How does she reconcile that?
  **Answer:** You can’t reconcile this rhetoric. Everyone likes to have these big goals, but they can’t always follow through. I think the Governor has helped us impress upon Michigan that a college degree is important. She’s done a good job of that and has reinforced our message.

• **Question:** Do legislators measure what is in reserves? Do they ask for that?
  **Answer:** The Governor and legislature can ask for any information they find useful. What they commonly do is look at endowments. There is a perception that we have large
amounts of funds sitting in endowments – that may be true at Michigan or Michigan State, but not at Ferris.

- **Question:** When are you going to finalize tuition?
  **Answer:** Ultimately the Board of Trustees sets tuition. We will recommend that they finalize it at the July Board meeting; right now, we are waiting to see what the legislature is going to do for the budget. The information I’m providing today is merely projected; I want to keep the budget transparent and am providing what I currently know. The Governor really believes that we should freeze tuition, but the numbers are too big for us. While she can ask us to do this, constitutionally she lacks the authority to freeze tuition.

- **Question:** Can you project what a five percent tuition increase does to enrollment?
  **Answer:** No, but I can provide some personal observations. In the past raising tuition does not seem to restrict demand, but does cause students to go further into debt. We did see a slight decrease in continuing student enrollment for spring semester. While we don’t know for certain, we believe some of those were students who couldn’t afford to come back to school. We are looking at what we can do for students whose parents lose their jobs. Financial aid is based on what parents made at the time of aid application. Internally, we are looking at options because we hate to lose students based on their parent’s unfortunate economic status.

- **Question:** Do we have an enrollment target number – or should we have?
  **Answer:** With our distributed environment - students here, in Grand Rapids, across the state, and on-line – we have significant capacity. Growth isn’t going to solve the budget, but if we can grow making efficient use of capacity and growth areas, that would make a difference. We need to look for degrees that make sense and helps students get jobs.

- **Question:** What is the sense of other universities and what is their position on the tuition freeze request? Is there consensus on what other universities are doing for tuition?
  **Answer:** I sat with 13 of the 15 presidents last week. It was a disappointing day to realize how little the Governor and her staff understood about the impact of a tuition freeze to higher education. The Governor’s recommendation to freeze tuition is pulling the presidents together. We have not as university presidents talked about it, but I did not hear other presidents saying that they are going to freeze tuition. They may not be willing to make that statement that in that particular setting, but I didn’t hear or sense it. The message was that it is a bridge too far for us to be able to reach. We all report to a board – six of the eight trustees at the institutions were appointed by this Governor. The Governor has some influence on trustees that she has appointed, but not all trustees will bend to her pressure knowing the fiscal challenges at their institutions. Trustees have more interest in the University they serve than politics. Our board understands what a tuition freeze does to us. We have been careful and are prepared, but some other universities may really struggle. At Ferris we have a great campus community and will work together to get through this. By the way, a five percent tuition increase is just a straw example of what we may do; our Board will likely set tuition in July after much discussion.
• **Question:** What about the recommendations from the Higher Ed Commission Study - in addition to a tuition freeze, are there still discussions about the study?
  
  **Answer:** That commission was established by legislative leadership. No university presidents were even requested to testify. They came out with some unusual recommendations and most were dead on arrival.

• **Question:** Since the legislators and state administrators are aware of these graphs, what is their response?
  
  **Answer:** They have seen the graphs because I’m the person holding them up in front of them! When I talk with the Appropriations Subcommittee they understand the history of what has happened. Many are new to the legislature and the appropriations discussions, and are interested in this explanation of higher education funding. There is a tendency to not make the difficult decisions to change funding because the focus is short-term and this is a long-term problem. Higher education is in the general budget with corrections and Medicaid – both are important to fund. Michigan is one of four states in the country that pays more for corrections than higher education!

• **Question:** Would going back on term limits help (with better decisions from of Lansing)?
  
  **Answer:** A change from term limits in and of itself is not the answer, but term limits does make it worse. Growing the economy is the answer. The legislature is filled with good people trying to do their best, but until we grow the economy, there is no help in increasing funding.

Kendall:

• **Question:** Since Kendall doesn’t receive state funds, is that why you did not include them in today’s presentation? Does Kendall cost us or make money for us?
  
  **Answer:** Yes, that’s exactly the reason; they build their budget on tuition and fees, not on state support. When we merged, Kendall students were added to the count for Ferris students, but we did not receive an increase in state funds for them. As a rule the University doesn’t “make money.” Ferris invested in Kendall when we merged – it was a one-time basis for technology, facilities, etc. Kendall supports itself through tuition and studio fees. There are some costs for us, but not much. They have also had incredible growth and are an asset to Ferris. They provide a footprint in Grand Rapids, their concept of working artists mirrors our emphasis on careers, and this is a very successful partnership.

• **Question:** Kendall uses differential tuition; have we considered that for here?
  
  **Answer:** We have a wonderful group on the Student Fees Committee and they reviewed a differential tuition for Ferris two years ago based on college. What they discovered was that the revenue generated would not be worth the pain. However, first professional degrees have moved to differential tuitions. One thing we get very little credit for is our approach to truth in tuition – we have very few fees and instead embed them in tuition. That is not the case with many Michigan universities.