1) Please provide information on the relative impacts of need-based and merit-based financial aid on degree completion at your university. How does the Governor’s proposal to consolidate need-based state financial aid programs affect accessibility?

The consolidation of financial aid programs is a complex, complicated proposal. With the limited information that has been provided to this point, we have not yet completed a thorough analysis of the proposal. We will do this and provide additional comments based on our review. At this point we have more than 1,000 students enrolled in these programs. It is unclear in some cases whether assistance will continue to these students or not. One bright spot in the dismal history of Michigan’s recent support for higher education has been a commitment to student financial aid. A reduction in need-based and merit-based financial aid would be a truly unfortunate decision at this pivotal economic time. At Ferris State a very high percentage of students receive financial aid and negative actions would make degree access and completion more difficult for them.

We believe there is an especially strong need for more need-based financial aid support. This is reflective of a core value of Ferris State University to provide opportunity – a goal which has been at the heart of our mission since our founding in 1884. An unwanted consequence of a reduction in merit-based financial aid could be a potential brain drain, where our most promising and talented students are lost to out-of-state institutions, perhaps never to return to Michigan.

2) What does the proposed 3% cut in higher education funding mean to your university?

The proposed appropriation reduction, combined with elimination of the King-Chavez-Parks Initiative equates to $1.6 million in lost revenue for Ferris State University. This further exacerbates past disinvestment, which since 2001 alone amounts to an approximately $37 million shortfall, had funding simply kept pace with inflation.

On the practical level, in a context where state support has steadily decreased, we have not increased supply, expense, equipment, or operating budgets during my six years as president. With the continued impact of inflation, these budgets currently have far less purchasing power. While we will consider many possible approaches to addressing the $1.6 million cut, ultimately the bulk of these reductions will be accomplished through eliminating positions. We are already not filling most open positions. The number of unfilled positions will certainly increase under the proposed funding levels and will include the possibility of layoffs. Vice presidents and deans of Ferris’ colleges have already implemented across-the-board budget cuts, which will almost certainly be extended, and then increased this year. These cuts to the colleges are taking place at a time when Ferris is the fastest growing university in the state, and therefore cannot be indefinitely sustained.
As I noted in my testimony, this continued disinvestment in higher education in Michigan would further erode the ability of Ferris State University and other state institutions of higher education to provide students with the skills they need to succeed in the new economy. However, should that reduction occur, we will manage this situation as effectively as is possible. The success of these actions to manage the fallout from such a reduction will be greatly assisted by having the widest range of responses at our disposal.

3) Please address tuition issues. What is your position on the proposed tuition freeze? What are you doing to control costs to keep tuition in line with inflation? What are you doing/can you do to protect the investment the state and parents have already made in existing students whose parent(s) have lost their job(s) and can no longer help with tuition?

All three of these questions are related in the way Ferris has budgeted and will continue to budget in the current economic climate.

The short answers to these three questions are 1) Ferris opposes the tuition freeze; 2) We have been cautious in our projections and planning, the outcome of which has been that since 2001 the cost to attend Ferris has consistently grown at a rate below inflation; and 3) We will do everything possible to assist these students.

In this worsening economic environment we will show tuition restraint, and not increase tuition beyond the actual increase in fixed costs for next year. In our testimony we have listed some of these, including the tax placed upon us from the state for MPSERS. There should be no mistaking this indisputable fact - a tuition freeze is a budget cut and one that is much larger than the proposed state budget reduction. Furthermore, for Ferris State University a budget cut implemented through a freeze would be at a level we have never experienced in our history.

Tuition currently provides 70% of operating revenue. For the past eight years, we have managed costs, a combination of state support plus tuition, so that our expenditure per student is less than the rate of inflation. We will continue to do so.

By maintaining a steady, manageable rate of tuition increase, we can maintain access and quality and help Ferris students budget for the future. In this difficult and unsettled environment there are significant uncertainties about the future and it is not unreasonable to believe that this year’s reductions are not the last cuts we will see. In 2005, for example, when we were asked to agree to tuition restraint, we then received a mid-year budget reduction against assurances to the contrary. A tuition freeze will most likely result in the need for a double-digit increase in the future, something we have avoided at Ferris State University up to this point.

Each year we regularly work with students who have no support from their families and find ways they can attend Ferris State University and succeed in their dream of earning a college degree. For students who lose their jobs, or whose parents lose their jobs, we make available short-term emergency loan funds so they can continue their studies. However the question you raise here is an excellent one and raises an important issue. As a result of your inquiry we will go back and see if there is more we can do to help students in this unfortunate situation complete their degree. We would also suggest that this could be a progressive and valuable investment of economic stimulus funds, perhaps in a renewable loan fund, with non-accruing interest until the student has completed his or her undergraduate degree.
4) What do you view as the most appropriate use of the federal stimulus money in relation to higher education, recognizing that these funds are one-time funds?

The stimulus money would best be utilized by Michigan universities for exactly the kind of repair and infrastructure upgrade projects that generate jobs and create lasting value. We have proposed two significant projects that would bring long-term value to two communities we serve in Big Rapids and Grand Rapids.

The first would replace antiquated heating, ventilation, and air conditioning systems in four connected buildings which comprise the Arts and Sciences complex on our Big Rapids campus. These are facilities of more than 300,000 square feet in area and include classrooms and science laboratories used by 52% of students. The antiquated mechanical systems are beyond useful repair. Our desire would be to take this support to create the first large-scale geothermal heating and cooling system on our campus and to use this as a living-learning classroom for our Institute for Alternative Energy. This Institute is directed at the built environment, which constitutes 50% of the energy use in our country.

Initially, these geothermal systems would save our campus more than $600,000 in energy costs annually, an amount that will inevitably increase as traditional carbon-based energy costs rise. With our nationally recognized programs in Construction Management and Heating, Ventilation and Air Conditioning, we believe firsthand experience by our students with such innovative systems would reap benefits throughout Michigan as they become change agents for the roll-out of these technologies across our state.

The second proposal is to renovate the historic federal building in Grand Rapids that was previously home to the Grand Rapids Art Museum until their recent move to a new facility. At this point the building is a significant drain on the finances of the city of Grand Rapids and is in need of major repairs, including new roof systems, mechanical systems, and renovation of the third and fourth floors that have not been used since the 1960’s. Additionally, as this historic treasure drifts toward permanent disrepair, it will become a blight on a resurgent downtown. The federal building is directly adjacent to our facilities for the Kendall College of Art and Design. This would provide much needed additional space for Kendall, which has grown from 540 students to more than 1,300 students since becoming a part of Ferris State University.

Our hope is that this new space would accelerate Kendall’s leadership efforts in Grand Rapids to reposition the former furniture manufacturing capital’s expertise as a magnet for cutting-edge design thinking. Additionally, Kendall has developed a proposal for an MFA in Architecture. Coupled with a proposed Center for the Built Environment, which combines Ferris’ leading programs in Surveying Engineering, Construction Management, Heating, Ventilation, Air Conditioning and Refrigeration, Facilities Management, and Architecture Technology, the intent is to combine the considerable strengths of these programs to advance west Michigan’s leadership position in LEED certification, promote green building practices in our state, accelerate building development in west Michigan, and to serve as a laboratory for LEED-certified historic building renovation for cities throughout the region.

We see both of these projects delivering employment opportunities, innovation, and economic benefit to Michigan long after the initial funds are expended. These renovation projects are the kind of investment in our future that will pay dividends for years to come. However, we can further maximize the stimulus money by seeing such projects as opportunities to train workers
in new processes and technologies. Ferris State University stands ready to partner with the state and other entities to create new training, certification, or education tracks – or expedite access to existing programs. With our unique inventory of career, technical, applied, and health-care related programs there are many, many possibilities. We are willing to design short-term or long-term, credit or non-credit, certificate or degree-seeking programs for this purpose and will respond quickly with proposals at or below our cost to provide them. Now is the time for us to work together to leverage the investment already made in our University to help our people and state in this time of adversity. Further we urge that economic stimulus funds be used for their intended purpose, to grow our economy and put Michigan citizens back to work, rather than to fill existing budget gaps.

5) What unique economic role does your university play in your community?

Ferris State University is the largest employer north of Grand Rapids, west of Mt. Pleasant and south of Traverse City. In Big Rapids we employ more than 1,400 full-time people, 400-500 part-time people, and 3,000-4,000 students. Our full-time workforce is three times greater than any other employer and our overall workforce is exponentially larger. We are a vital and vibrant economic force for our area and with an annual budget of more than $232 million, we are an important part of west Michigan’s economic engine. Beyond this we provide educational opportunity in twenty other communities in Michigan. As an employer, we help maintain the area tax base; as a technology and knowledge resource, we act as an incubator for evolving businesses; as a cultural resource, we partner with local governments and agencies to provide arts and entertainment opportunities that contribute to the lifestyle attractiveness of the area; and as a good and supportive neighbor, we generate revenue for local businesses.

To help the economy in our region we have accelerated the development of a number of construction projects in Big Rapids, which will begin later this spring. These include a $22 million student housing development and a $7.5 million renovation to our largest dining facility. Both of these projects do not use tax funds and will be self-sustained by the students who use them. In additional, we have pushed forward on our state-funded new building for the Michigan College of Optometry, a $26.7 million facility, so that with state action we will start construction as early as June. This is an incredible accomplishment for a facility approved this past fall. With these projects, combined with repairs we must do to roofs, mechanical systems, and infrastructure for aging facilities on campus, we will be leveraging our resources to inject nearly $60 million into our community.

In Grand Rapids we have recently approved a partnership with Michigan State University’s College of Human Medicine for the top floor of their new Secchia Center on the “medical mile.” This will consolidate the third year of our Pharmacy program in Grand Rapids, help support MSU’s development there, provide for opportunities for collaboration between our combined faculty and students, and help stimulate the economy in Grand Rapids.

Beyond these quantifiable measures of economic development, we regularly see the extraordinary contributions of our faculty, staff and students in the communities we serve. A few examples –
• Spearheaded by our successful faculty/staff/student campaign, the Mecosta-Osceola United Way was one of the very few local United Ways in Michigan to meet its campaign goals.
• In December, our Student Government Association conceived and coordinated a food drive that collected more than 7,000 pounds of food for food pantries in our community just as they were experiencing shortfalls with the beginning of the holiday season.
• This spring our students will again host the Big Event in which they will adopt between 40-50 homes of the elderly or economically disadvantaged and do minor repairs, painting, and yard maintenance for people unable to do so themselves.
• When students move out of the residence halls we conduct an activity called “Dump and Run,” which collects food, furniture, clothing, bicycles, and other things that would otherwise be discarded, and donate those items to area agencies that help the indigent.
• With the embedded internships in our programs, our students work regularly in the business, industry, education, and health-care fields providing economical and effective service while gaining experience for success in their careers upon graduation.
• Our people are the volunteers who fuel so many activities in our community that help people in time of need, and provide services that would not otherwise be available – Boy and Girl Scout leaders, Big Brothers/Big Sisters, Make-a-Wish volunteers, and recycling center volunteers. These are but a few examples of a very long list and are a major factor in the quality of life in our area.

David L. Eisler, President
February 23, 2009