Question 1. What are your plans for changes in tuition and fee rates for academic year 2011-12?

It is early in our budget cycle – detailed tuition rates have not yet been determined for next year, and the final decision on tuition is made by our Board of Trustees. Ferris State will certainly increase tuition well within the tuition restraint levels proposed in the executive budget recommendation. For us this restraint is unnecessary as we have no intent to raise tuition by that amount. For comparison, Ferris State University’s average tuition rate for the last three years was 5.49 percent.

At Ferris, we pride ourselves on our truth in tuition philosophy. Our stated tuition rates are what students pay with no surprises of additional course or program fees that show up on tuition and fee billings. Additionally, our process for setting tuition rates involves a university-wide committee with student representation. It also involves consultation with the Ferris Board of Trustees who have ultimate authority to approve tuition rates.

We do not increase tuition more than is necessary to support incremental cost increases resulting from contracts, utilities, unfunded mandates from the state and federal government, and to provide increased financial aid to students. We do not pass along budget reductions from the state to our students in the form of increased tuition, but rather reduce University operating costs when state funding is cut.

We have worked aggressively to reduce expenses so that student costs don’t increase more than is necessary. Since 2001 the cost of education at Ferris (the total of tuition plus state funding per full-time student) has risen an average of 2.6 percent per year – a figure that is not only less than the Higher Education Price Index, but less than even the Consumer Price Index rate of inflation.

Ferris State University has made it a priority to keep these rates low even as it has become the fastest growing university in the state. The expansion of educational opportunity this provides is part of both the contemporary and historical mission of our University. Additional public support, such as tying funding to enrollment, would help us keep tuition increases even lower and allow even more students to avail themselves of the career-oriented types of degrees we offer.

Question 2. Please describe some of the cost savings measures your university has enacted to address the reductions in state funding for higher education.

At Ferris State University, just as in Lansing and across Michigan, we are reducing our budget, cutting costs and trimming the size of our workforce. Last spring we implemented an early
By June 30, 2010, we had eliminated more than 110 positions. In that process we reduced the size of our administration by five percent. Moving forward we will continue to cut positions as necessary, although regrettably many fewer of these will happen by attrition. Since coming to Ferris in 2003, I have had to respond to state budget reductions in all but one year. In all cases, we have reduced university operating costs to fully respond to the level of state reduction. In my eight years as president, I have cut more than $21 million from our budget.

The ongoing reductions in State support and corresponding University budget reductions are cause for concern. As we continue to enroll more students, it becomes more difficult to provide the quality education which results in our excellent job placement rate, even in difficult fiscal times. We are doing more with less, just as Michigan families are asked to do. We are doing so with fewer staff, classroom and technology upgrades are postponed and departments must stretch operating budgets that have not been increased in more than ten years.

Ferris has been very forward-looking in terms of entering into cooperative agreements and working collaboratively with other institutions to find ways to save money through combined purchasing power. Just a few of these programs include

- Michigan Universities Self-Insurance Corporation, which provides savings through group purchase and self-insurance.
- Michigan Universities Coalition on Health – Ferris is one of 13 universities that participate in MUCH. Coalition purchase of health insurance, savings in administrative fees and deeper network discounts result in lower costs for health care.
- Ferris was instrumental in developing the State’s Natural Gas Purchasing Consortium that buys natural gas on behalf of the university in order to reduce costs.
- College and University Resource Board, a cooperative organization of self-operated college and university dining service that creates institutional savings.

Each year we ask our vice presidents to submit a listing of the operating efficiencies implemented within their units. We include this listing in our annual operating request to the State to document the ongoing efforts in holding down costs. The current report can be found at: http://www.ferris.edu/htmls/administration/president/budget-office/annual-planning.htm.

Question 3. What is the percentage change in the average salary for faculty, administrative professional, and service employees over the last five years?

- Faculty with market adjustment = 3.47 percent average
- Administrator = 2.80 percent
- Service (Clerical, Police, Nurses, Maintenance) = 2.47 percent
Question 4. What is the average cost of your healthcare benefits package for faculty, administrative professional, and service employees? What percentage of the benefit is paid by the university?

Benefit costs range from a low of $13,147 to a high of $18,241 annually depending upon employee group and level of coverage. Through our participation in the Michigan Universities Coalition on Health (MUCH) we are able to provide lower cost coverage to our non-MEA employees. Employees can choose from four levels of MUCH coverage to obtain the level of coverage appropriate for their family, taking into consideration the cost of each option after the University’s fixed contribution portion. Within each of these levels of coverage, employees opt for family or single coverage which also affects cost. For comparison purposes only, the following are examples of full-family health costs, and distributed share or cost for the employees cited:

- Faculty members have the option of either Super Care I or MESSA Choices PPO. The annual cost for family coverage under Super Care I is $18,241, of which the University pays 92 percent and the employee 8 percent.
- Administrative staff members have the choice of four levels of coverage through MUCH. For the highest MUCH program offered, the annual family cost is $15,008, of which the University pays 80 percent and the employee 20 percent.
- For support staff, health options are bargained to be either MESSA for clerical employees, or the MUCH options for non-MEA support staff. The typical program cost among these groups of employees range from $13,334 to $16,381, and on average the University pays about 75 percent and the employee 25 percent of the non-MEA health costs. For MEA clerical employees the university pays 100 percent of costs.

Question 5. What measures have you taken to help control rising healthcare costs?

Ferris was a founding member and original adoptee of the Michigan University Coalition on Health, which now encompasses twelve institutions. MUCH was organized to use the combined strength, purchasing power and presence of the public universities in Michigan to bring about lower cost and improved quality for health care benefits for university personnel.

For many years Ferris has focused on promoting employee wellness as a component of our strategy to constrain rising healthcare costs. Ferris has an extensive wellness program which is highlighted on our website at www.ferris.edu/wellness.

We monitor our MUCH plans carefully and work to modify them. The university has also taken action to increase employee prescription co-pays. Ensuring that employees have a stake in the cost of their health care costs provides an incentive to use these resources judiciously.
Question 6. The Governor’s proposed budget calls for a funding formula to be developed for FY 2012-13.

a. What factors do you believe should be considered in developing a higher education funding formula?

b. Or what components of past formulas (i.e. The House of Representatives; WIN formula) will be beneficial or unsuitable to your university?

Michigan is one of the very few states in the country, if not the only one, that does not fund enrollment growth. Universities receive no additional funding for enrollment growth, but instead must fund growth through only through tuition revenues. This is not an approach that fosters the higher education growth essential for Michigan’s future. The first recommendation is both simple and obvious –

Fund Enrollment Growth

Whether it is at $4,000, $5,000, $6,000, or $7,000 for each full-time student, reward and incentivize universities by providing support for enrollment growth. In doing so you will ensure that future generations of Michigan citizens will have access to high quality, public education.

One of the fallacies of current higher education funding measures is they assume all programs, and thereby all students, cost the same. It is obvious that the cost per student of teaching 60 students in a social science course is much less than instructing 12 students in a nursing course. Unless a mechanism is developed to reward universities for programs with high instructional costs, growth will occur in the areas of lowest cost, rather than greatest need. This analysis and accompanying proposals are based upon institutional data available from two sources, the Higher Education Institutional Data Inventory (HEIDI), Michigan’s official State database for higher education information, and the Integrated Post-secondary Educational Data System (IPEDS), the federal government’s official database for higher education.

Using cost data from HEIDI it is possible to develop the average cost for delivering educational programs across the state, and provide an objective basis for comparison. For example, in 2009-10, the average cost for producing one student credit hour (SCH) at the twelve teaching universities across Michigan was $193.

Further, using this methodology, HEIDI average-costs data can be developed that reflect the intensity of instruction required for each discipline. High-cost programs tend to be those requiring special laboratory settings, equipment and are more “hands on” instruction (high intensity programs); disciplines that are basically lecture courses are lower cost (low intensity programs). Grouping the various disciplines by average costs helps to describe and define different academic programs. For this analysis, disciplines were grouped as follows, based upon the average costs of the 12 primarily teaching universities for each discipline.
• High Intensity Instruction Disciplines with average cost of $250/SCH or more
• Medium Intensity Programs Disciplines with average costs of $150 to $249/SCH
• Low Intensity Programs Disciplines with average cost of less than $150/SCH

Unless a mechanism is developed that rewards universities for offering and expanding access to high-intensity disciplines, growth will be constrained in high cost areas and forced toward disciplines with lower instructional costs. Disciplines with lower instructional costs tend to be areas where employment opportunities can be limited. Sustaining and growing a significant proportion of high-intensity degrees will require increased funding.

The inherent specialization involved in higher education demands that consideration be given to the expense of high cost-delivery programs. This is especially true for technology and health-related areas of study. For example, many of Ferris’ most in-demand programs are also among the most high-intensity in terms of cost, including those in the disciplines of Optometry ($558/Per Credit Hour), Mechanical/Repair Technologies ($319/PCH) and Pharmacy ($349/PCH), among others.

These are career-path disciplines crucial to Michigan’s economic recovery and long-term social stability. For example, in 2010 Ferris State University conferred the following percentage of degrees in the state in the following discipline areas:

• Optometry, 100 percent
• Precision Production, 100 percent
• Mechanical/Repair Technologies, 73 percent
• Communication Technologies, 58 percent
• Pharmacy, 41 percent

This analysis leads to the second recommendation:

**Fund Results**

Create incentives for universities to expand access to degrees in desired disciplines by funding them at a higher weighted rate.

The third recommendation grows from these needs and the strength of these efforts:

**Fund Opportunity**

This is most easily addressed through targeted programs including the Tuition Incentive Program (TIP). Understand that if you want more students to attend college, you will need to find a way to balance accepting students who have a greater risk in finishing within any given graduation measure.
The adoption of a responsibility-based budgeting approach by the legislature will provide the opportunity to step away from the politics of the past and create an approach that will fund higher education for both the present and future. We urge you to consider these three simple proposals –

- Fund Enrollment
- Fund Results
- Fund Opportunity

Such a formula would be fair to taxpayers because it reflects the market success and outputs of each university; fair to all students in Michigan public universities by establishing a level playing field; fair to our own students/graduates by recognizing the needs of the career-oriented decisions they have and are making; obviously fair to our total number of students by making that a factor in funding; and fair to Ferris State University by providing incentives of us to continue to grow and offer needed, but resource-heavy programs.

Excerpted and updated from 2005 legislative testimony -
Question 7. What is your position on using money from the School Aid Fund to help fund higher education?

The proposed budget shifts higher education to the School Aid Fund, but the fund does not have the revenue needed to cover this transfer. In fact, the SAF for next year includes $336.7 million in one-time surplus money from this year. A year from now that surplus is projected to be down to $95.5 million. Thus, the SAF as reconfigured has an ongoing structural deficit of $240 million. Beyond this, the SAF requires a transfer of funding of $507.5 million from the General Fund to cover the shortfall. In a year when the emphasis is upon placing budgets on a firm footing, revenues and expenditures have not been balanced in the SAF.

Combining public education, community colleges and higher education in one budget, thus creating a P-20 approach to education, is a logical strategy. But in an underfunded budget, what does that mean for higher education? The choices of this proposed budget are clear: community colleges are held harmless, schools see a four percent decrease, and higher education is cut by 15 percent. These actions demonstrate clearly that our students are the lowest education priority. If there is a shortfall in school aid revenue, what will be the impact on higher education next year?

In a year when the emphasis is upon placing budgets on a firm footing, why have revenues and expenditures not been balanced in the School Aid Fund? If the intent is to fix budgets, why not fix this budget?

Question 8. What does your university do to foster economic development and growth in the State of Michigan

Ferris State University is the largest employer north of Grand Rapids, West of Mount Pleasant and South of Traverse City. Recent partnerships with the cities of Grand Rapids and Big Rapids, as well as industry in those cities, helped create the environment for businesses including Haworth and Wolverine World Wide to create more than 500 new jobs between them. Ferris’ Kendall College of Art and Design helped Haworth recycle 97 percent of material from Global Headquarters renovation by repurposing office furniture.

In the past 18 months, the University continued its investments toward improving energy efficiency and sustainability. Ferris has added a renewable energy degree option along with an architecture sustainability program. It continued to sponsor an energy forum in April 2010 that attracted about 200 business and community leaders. Many companies continue to work with Ferris to explore ways in which the university can contribute to advancing the use of technology, improved processes and knowledge application in the conduct of high-performance and specialized industries. The university is well positioned to address strategic national and state priorities to seek alternative and efficient energy solutions, to contribute to the renewal of the manufacturing base, and to participate in the Michigan’s health sciences developments.

The University plays a primary role in the application of new technology as well as the preparation of individuals to effectively and efficiently utilize that technology. We know the extensive involvement of the University in preparing individuals for varied careers in the health sciences, manufacturing, construction, optometry, pharmacy and business is resulting in positive
economic benefit for the State of Michigan. Increasingly we are also emphasizing the importance of entrepreneurism, so that more are encouraged to start their own businesses.

Ferris State University continues to provide customized training and certification testing to Michigan industries. This year, approximately 275 employees received such training designed to enhance their ability to thrive in an increasingly competitive industrial environment. An additional 3,045 participants completed certification testing in several private and governmental agencies this year.

Most importantly, Ferris graduates get good jobs. A prime example of this is Ferris’ Heating, Ventilation, Air Conditioning and Refrigeration program. More than 25 HVAC jobs exist for each HVAC degree graduate with starting salaries averaging $45,000 per year. A walk down the hall that holds the HVAC’s administrative offices attest to this with postings for job openings, many of which are available to graduates with two-year degrees. Surveying has positions available for every graduate, and current students often get good-paying internships. Graduates in other programs, notably Pharmacy, combine academics with entrepreneurship. Pharmacy graduates have opened many businesses in the state, from small, independent pharmacies, to a large, Flint-based specialty pharmacy with plans to expand its workforce by hundreds of people in the coming years.

Question 9. New projects that your school has on the horizon.

In January our faculty, staff and students occupied the beautiful new Michigan College of Optometry building. Ferris State University is the only optometry program in Michigan, one of nineteen in the nation. The new facility includes a clinic and optical center, classrooms, laboratories, specialized optometric instructional spaces, offices and gathering spaces. It is estimated that each optometry graduate can create an $800,000 increase in economic activity in the community where they settle.

In downtown Grand Rapids, Ferris State University is renovating the historic Federal Building. Constructed one hundred years ago the Federal Building had fallen into disrepair by the time the Grand Rapids Art Museum moved to new facilities, and upkeep was costing the City of Grand Rapids more than $120,000 annually. Through an innovative public-private partnership involving government agencies from the city, county, state, and federal governments, together with private development and philanthropic support, our University is restoring this facility for the Kendall College of Art Design. When completed it will create a three-block living-learning center in downtown Grand Rapids dedicated to art and design, and will transform a decaying facility into a source of pride for Grand Rapids. This project will conclude in March 2012.

With recent support from the state we are purchasing and finishing the 7th floor of a building on Michigan Avenue in the “Medical Mile” section of Grand Rapids. This will be the home of 3rd year students in our pharmacy program. In this location they will be connected with the Michigan State Medical School, the Van Andel Research Institute, and the Spectrum hospital complex. This will create synergies with Michigan State, allow for research and clinical trials with

Preserving Opportunities, Helping Students
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the Van Andel Institute, and facilitate clinical experiences for our students with Spectrum. This project will be completed in fall 2011.

On our Big Rapids campus we have begun to envision a university center for our students and our greater community. This project will create a home for our volunteer, philanthropic, and community engagement activities, become a gathering place for our students and faculty to continue to work together outside of the classroom, and host evening lectures and events in the arts. This is estimated to be 3-4 year effort and will require significant fundraising success.

Last year Ferris began an Ed.D. in Community College Leadership to educate the next group of leaders for this fastest growing segment. We enrolled our first cohort last June and look to enroll the second later this spring. It is our hope to expand this into a Center for Community College studies, providing support and assistance for community colleges, their leaders and boards.

The best way to understand the many efforts underway at Ferris State University is to visit us. When your legislative schedule permits I encourage you to tour our campus. Through this you will understand better the extraordinary education Ferris provides Michigan citizens. It would be my honor to show you our campus and programs.