Senator Schuitmaker and members of the Senate Appropriations Subcommittee on Higher Education, thank you for taking time from your busy legislative schedule to hear from Michigan universities. It is an honor to appear before you today. More than ever we need your help and support. I am here to work with you to make certain our state has the higher education opportunities it needs to secure our economic future.

We begin today with our sincere thanks for your support of the renovation of the historic Federal Building in downtown Grand Rapids. With a landmark public-private partnership, this project will at the same time provide Ferris’ Kendall College of Art and design with much-needed space and retain an invaluable link to West Michigan’s cultural and political past. Additionally, thank you for your support of our Pharmacy space on Grand Rapids’ medical mile. This will place our Pharmacy students in this rapidly developing center for medical research and practice. Thank you for helping to make these projects a reality.

Each of you has a vital interest in Ferris State University, as we enroll students from each of your districts at our University -

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<th>District</th>
<th>Ferris Students</th>
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<td>Sen. Hood</td>
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<td>Sen. Schuitmaker</td>
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<td>Sen. Walker</td>
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Ferris enrolls students from throughout Michigan. Our reach is statewide. In fact, Michigan residents make up 94 percent of Ferris’ student body. As we talk about students today I want to emphasize that these students are from your districts. They are your constituents who you represent here in Lansing.
Universities are about people. Today I will talk about students. The results of your actions will impact our students both now and long into the future. Today, each time you hear the word “university,” please take a moment to picture students, perhaps attending class, working in a laboratory or studying in the library. These may be young women and men, fresh out of high school, who are just beginning to discover and nurture their talents. They are just as likely to be displaced workers, returning veterans and others seeking the education and skills they need to build a good life in these challenging times. All of us in this room today understand that a better future for our state will be built one life at a time, and that education is the key to making this happen. The most important question for us to consider is –

Working together how can we ensure our students realize their most successful future?

Let me begin by thanking the citizens who form our Board of Trustees for their hard work on behalf of the University. They are people who care deeply about students. They are committed to the ideals of quality, opportunity and access that guide our shared efforts. Together we work continually to keep the cost of a Ferris education within reach during these difficult economic times. Our board consists of -

- Ronald E. Snead – Chair
- Sueann L. Walz – Vice Chair
- George J. Menoutes – Secretary
- Arthur L. Tebo – Immediate Past Chair
- Alisha M. Baker – Member
- Paul E. Boyer – Member
- Gary L. Granger – Member
- D. William Lakin - Member

Mr. Boyer and Mr. Granger were recently appointed by Governor Snyder, and I want to thank the governor for working with us so collaboratively in this process and making such wise choices.

In the past when addressing you regarding funding for higher education, I have taken time to talk about Ferris State University and the important things we are doing. Were there more time today, I would talk about our network of state-wide partnerships, how we continue to develop cutting-edge degree programs and are substantially raising graduation rates. However, the budget proposal you have before you this year is so critical to the future of our students that I will forgo further details about our many successes. For your benefit I have enclosed some information about career-oriented education at Ferris State University in the packet each of you received today.

Likewise, I would like to take time to work carefully through the issue of community college baccalaureate degrees which, in my opinion, is the wrong idea at the wrong time. In this constrained funding environment, our state should not create additional baccalaureate programs when it cannot afford those it has now. At Ferris we partner with fifteen community colleges across the state that maximizes our unique institutional efforts through creative and cost-effective
partnerships. Through this we are committed to providing students the degree access they need. As in the past I will repeat my public promise that Ferris State University will partner with any community college willing to work with us to help their students.

State Support

These are times of historic economic and fiscal challenges for Michigan. The choices facing you as you endeavor to balance the state’s budget are truly heart-wrenching. There are many worthy projects, agencies and even entire communities that are looking at nearly unprecedented cuts. As the leader of Ferris State University for the past eight years, I understand our current reality. I want to help you in this process. To this I bring eight years of working with appropriation committees in Lansing and thirty-five years experience as a university educator.

With term limits you have inherited years of short-term decisions. Combined, they add up to a decade-long disinvestment in our students. Recommendations you produce should be made with recognition of the cumulative effect of the decisions that have preceded yours. The current state of funding for higher education is not the product of just this past year, or even these past few years. Rather, it is an alarming and disturbing continuum of disinvestment in the knowledge and skills Michigan’s citizens need for the state to attract and retain global business and industry.

This chart tracks changes in funding for major areas of state budget over the past eleven years, including the current budget proposal. You will note the areas of strong state support: 85.2 percent growth in human services and 61.5 percent growth in community health, both substantially above the inflation rate of 30 percent during this period. Next are the areas that have not kept up with inflation: the school aid fund with 12.8 percent growth and corrections with 17.9 percent growth. Finally, we come to the areas that have less funding now than a decade ago: community colleges with a nine percent reduction, and higher education, which has suffered more than any other area with a decrease in funding of 28.7 percent. It is stunning that of all the areas in the budget, Michigan chooses to cut higher education most. This results in a loss of nearly 59 percent against inflation. We are one of only a handful of states that spends more on corrections than we do on higher education. Are these truly the priorities that will set a path to economic recovery for Michigan? (See chart one)

The proposed budget accelerates the disparity between these major categories. At Ferris, we do not raise tuition to levels that would be above the guidelines suggested for tuition restraint. For us this was unnecessary. Under the proposal our budget would be cut 15 percent, or $7.3 million. For each full-time student at Ferris this reduces state support for their education $602. The proposed budget would take funding for Ferris State University back to 1993 levels, when we taught 3,400 fewer students. This proposed budget would accelerate the negative trend in state support of higher education that has had such an impact on our students. State support would constitute less than a quarter of the cost of educating a student at Ferris State University. (See chart two)
Despite rhetoric that touts the importance of more students going to college, Michigan punishes growth at its universities. Over the last decade, Ferris has had a faster percentage rate of enrollment growth than any other university in Michigan. Today we enroll 32 percent more students than in 2001. And we will continue to enroll more students because I believe so strongly in the difference a Ferris degree makes. Unlike our partners in the public schools whose funding is based on actual enrollment, our state funding bears no relation to the number of students we educate.  (See chart three)

Let me show you how the relationship between our students and the State of Michigan has changed. In 2001, Michigan provided $6,094 for each student at Ferris State University. Had the state only maintained support at this level for each student we enrolled, adjusting for inflation growth, for fiscal year 2012 we would receive $8,474 per student. Instead, we are looking at FY 2012 funding of just $3,349 per student, a difference of $5,125, and a funding decrease of more than 60 percent per student. The difference between these numbers amounts to $63.2 million! This is $63.2 million our students, your constituents, will not receive this year and for every year in the future. (See chart four)

Responding to this disinvestment in higher education, we have reduced our budget, cut costs and trimmed the size of our workforce. By July of last year we had eliminated 113 positions. Today we are teaching more than 3,400 students than in 2001, 32 percent more, with no increase in staffing. 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. We have saved money by slowing down or stopping important, much-needed efforts throughout our campuses both for now and in the future. This has been a very difficult balancing act. But there is one constant in this for Ferris; during my eight years as president we have never passed on a budget reduction from the state to our students. When the state cuts our budget we reduce spending by that amount. We will do the same this year.

There are ways to help us this year beyond recognizing enrollment growth in the budget you prepare. You should help us with the unfunded mandate of the Michigan Public School Employees Retirement System, or MPSERS. While the pension costs of this system are far more than the defined contribution plans we implemented in 1996, it is the health costs imposed on us by the state that are an unreasonable financial burden. Time today does not permit a careful explanation of MPSERS. Please do understand this. We will turn around and return $8 million, more than one-fourth of the state funds we receive, to MPSERS. Of this amount only 17 percent goes to pensions, the remainder goes to unfunded liabilities and state mandated retiree health costs. A sheet included in your packet provides more information and your analyst, Kyle Jen, knows this issue well. The burden of MPSERS for students at Ferris and six other state universities is unfair. This year it costs each full-time student at Ferris $656 for this unfunded mandate from the state. (See Attachment One)

At Ferris we have already constrained, and will continue to constrain, the cost of a higher education degree. It is important to remember that the cost of a student’s education is tuition plus the support we receive from the state. In 2001 this cost was $11,674. Today it is $14,700. During this decade, the cost per student has risen by an average of 2.6 percent annually, less than...
the rate of inflation. Had our costs risen by the national average of higher education institutions (the Higher Education Price Index, or HEPI), our costs today would be $15,763, more than a thousand dollars more for each of our students, in total $12.9 million more. This is significant savings. As the numbers clearly show, at Ferris we keep costs down while educating more students and producing more graduates. (See chart five)

Financial Aid/TIP

For a half century an extraordinary strength of Michigan was our commitment to students. During the last decade, even during times of budget contraction, the state supported our students through financial aid. As late as 2009 the state provided $235 million for student financial aid. Fast forward two years and student financial aid has been slashed by 64 percent to $84 million. While the proposed budget does not reduce financial aid, it sets a very dangerous precedent.

The proposed budget reduces state support for financial aid to $1 million, replacing it with federal Temporary Assistance to Needy Family funds. This move, combined with rolling the competitive scholarship and tuition grants programs into a single need-based Pathway to Higher Education grant, is an unprecedented restructuring that puts the state, its students and families into uncharted waters. Little detail and few specifics on this have been released. What will be the impact on our students?

Last year in my testimony I stressed the financial aid crisis created by that reduction of nearly 64 percent in state financial support for students. This crisis has become a catastrophe. In three years, excepting one million dollars, Michigan has totally abandoned financial support for students from state funds. In three years’ time state funds for financial aid will have been reduced $234 million. Before moving forward with this budget I implore you to make certain that TANF funds can be used in this manner so that this remaining support will be maintained. And I urge you to consider carefully the consequences if this federal support were ever to be removed. If this new funding source disappears, our students will be left stranded with no financial support from the state. (See chart six)

The continued low-level of state funding is exacerbated by proposed spending cuts at the federal level. The House of Representatives recently passed a bill that would cut Pell Grants by $5.7 billion. The erosion of support for higher education is taking a huge toll on students. At Ferris, from our founding up to this day, we have been committed to opportunity and access. These combined proposed actions at the state and federal level will have devastating effects on our students. Without college degrees and a path to the middle class, Michigan residents will require the state to invest more money in remedial job training, unemployment benefits, family services and, sadly, corrections – as the current budget makes all too clear. As I noted earlier, we are already one of the few states that spends more on corrections than we do on higher education.

There was one bright spot in last year’s financial aid funding, which is true again this year. You worked to increase funding to the Tuition Incentive Program (TIP) to $43.8 million. The TIP program is designed to help students escape the cycle of poverty. To qualify, a student must have
been eligible for Medicaid during 24 of the previous 36 months. Currently, this program pays the first two years of college tuition for students earning an associate degree at a community college or public university. Ferris has more than 850 TIP students who are attracted by the range of career-oriented associate degrees we offer. TIP is a well-established program targeted at students in the most need of help. I urge you to support this proposed increase in TIP funding.

Ferris State University has worked hard to help our students in these difficult times. Since 2008 we have doubled financial support to students. Two years ago, Ferris’ ongoing state funding was reduced by $1.6 million and replaced by $1.38 million in federal stimulus funds. We cut the University’s budget by the larger amount and used the stimulus funds to replace funding students did not receive for Promise Grants and Michigan Competitive Scholarships. However, we cannot do this alone. Ferris students need your support to earn the degrees that will get them the jobs that will build those individual futures, which together is the Michigan we are hoping to rebuild.

Uncertainty for the Future

The proposed budget shifts higher education to the School Aid Fund. However, the School Aid Fund does not have the revenue needed to cover this transfer. In fact, the School Aid Fund for next year includes $336.7 million in one-time surplus funds from this year. A year from now that surplus is projected to be down to $95.5 million. Thus the School Aid Fund as reconfigured has an ongoing structural deficit of over $240 million. Beyond this, the School Aid Fund 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, 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?

Combining public education, community colleges and higher education in one budget, creating a P-20 approach to education, is logical. 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 or more. These actions demonstrate 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?

A second concern exists with the tuition restraint funding, which puts the cut to our students at 15 percent, or perhaps more. This approach to measuring tuition was done without the consultation or involvement of higher education. It is a simplistic approach that mis-states, and as a result mis-figures, the tuition for Ferris State University. Our students are disadvantaged by an approach that did not allow our engagement in this process. Beyond this disappointment, are these funds base support, or one-time and at risk again next year? If the latter is the case, higher education is staring at an addition seven percent reduction beyond this year’s 15 percent.

Finally, there is the intention to move to formula funding. I have worked with formula funding in three other states and the approach adopted by the House in 2006 had its basis in testimony I made before this very committee. Developing a formula for higher education is a
complex and difficult balancing point. If it is to be done with consultation and consideration, this will require careful development. When completed, there will be little time to prepare for its impact next year. This will limit our ability to anticipate the future and manage our budgets. There will be far less negative impact if the formula is developed during the coming year and applied not in 2012-13, but pushed to 2013-14. This also fits more logically in the proposed biennial budgeting approach.

In a budget approach in which higher education is treated so unfairly, each of these factors creates yet more uncertainty in the process, making it more difficult to manage. With scarce resources this uncertainty can limit the effectiveness with which we respond to the challenges placed before us by the state.

Areas of Concern

Although I am here today to answer your questions about Ferris State University and higher education funding, I hope you will indulge me for a moment as I pose five questions to you. These are areas of concern – both in overall scope and in specific details – that have not been sufficiently addressed by a budget proposal that looks to reshape how we fund higher education in Michigan. I will keep these questions brief. They are:

- Why cut higher education more than any other sector in this budget?
- Can TANF funds be used to replace state scholarship funds?
- Why is the School Aid Fund not balanced?
- Is the next biennial budget the time for formula funding?
- Working together, how can we ensure our students realize their most successful futures?

Please answer these questions to your satisfaction before recommending a budget from your committee. In that way you will better know both the present and future implications of your actions on our students. As this budget makes its way through the legislative process, I am committed to continual engagement on these areas and how they will impact students at Ferris, and the other 14 public universities in Michigan.

Closing Thoughts

When we talk about higher education funding and the state budget, we talk about money in the millions and billions of dollars. We look at trend lines, comparison statistics and projections into the future. What I fear is that the lives of actual, individual students sometimes get lost in the blur of facts and figures.

These are the people behind the numbers. On our campus we have students who served in Iraq and Afghanistan and are now attending college on the GI Bill. We have students who heed the call for community service despite the challenges of earning a degree. At Ferris the student-led “Big Event” has become a major component of fighting community blight in Big Rapids. We have students who struggle with dyslexia and others who help tutor students so they can succeed.
When Woodbridge Ferris founded our institution in 1884 it was a time of great economic and social change. The timber boom was already past its peak and men and women needed new skills for an economy that would no longer be based primarily on resource extraction. Woodbridge Ferris founded our school with the goal of changing lives. And it has.

For each commencement, I seek out stories of Ferris students who have overcome challenges to earn their degrees so that I can highlight them during the ceremony. As I listen to our students I am continually inspired by the adversity and challenges they overcome in their determination to earn a college degree. Let me relate just two of these.

This 2010 graduate grew up in the thumb of Michigan. After graduating from high school in 2005 she took classes before deciding to come to Ferris because we offered the only two-year Diagnostic Medical Sonography degree in Michigan. Everything was going according to plan until January 2007 when she was in her nine-month internship. After collapsing during a shopping trip, the first thing she remembered was being on a gurney as they carried her to a waiting ambulance. Extensive hospital tests found nothing. She went on to graduate in Sonography and began pursuing her bachelor’s degree in Health Care Systems Administration.

Then in August 2008 the same thing happened in a parking lot. Again there was no clear diagnosis until a family friend in the medical profession suggested she might have epilepsy. This was indeed the case and began what was initially a frustrating and nerve-wracking experience. In time she learned that she was not alone in this and decided to use her experience to help others. Reaching out to the Epilepsy Foundation of Michigan she decided to host a program on our campus, “Epilepsy in Their Own Words,” real stories from students, parents, and working adults with epilepsy and how it personally impacted them. During this they created “Links of Love,” a symbolic paper chain. Nearly 200 students attended this on-campus fundraiser.

This student’s story of success does not end there. She travelled to Washington to lobby Congress as an epilepsy advocate. She serves as president of the Young Adult Leadership Council for the Epilepsy Foundation of Michigan.

When this second student was a freshman at high school, her mother was diagnosed with a brain tumor. Although first diagnosed as benign, it became malignant. Before passing away, her mother made one request of her daughter, “Make sure you go to college.” Her father remarried and moved, beginning a very difficult time for her, during which she frequently stayed with friends to avoid being at home. She went downhill quickly from being a straight A student.

Life went from bad to worse when her father passed away tragically and she was left with no permanent place to live. After some time trying to find herself this student started at Ferris literally because she needed a place to live. She received some financial aid and worked full time as a server and babysitter. It was a struggle to support herself and also succeed in her studies. However, she was determined to prove that she could do it, that she could fix the mistakes and
make something of her life. It was a very emotional experience when she graduated last year with her bachelor’s degree.

Her words to me resonate today, “People can change. It just takes one person to make that difference.”

You can be that person who makes that difference. As you consider this budget think not of our University but of our students. I know that working together we can and we will make a difference. On behalf of the 14,300 students and more than 300,000 students at public universities statewide, thank you.

These materials are accessible on-line at http://www.ferris.edu/htmls/administration/president/senate-2011.htm