Chairperson Schuitmaker and members of the Senate Appropriations Subcommittee on Higher Education, I want to thank you for taking time from your busy legislative schedules to hear from Michigan universities about the challenges they face. It is an honor to be here. Working together we can help assure that this generation, and future generations, will have the opportunity to earn a college degree and contribute to the fullest extent of their potential to our state’s progress.

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

- Sen. Hood 127
- Sen. Schuitmaker 356
- Sen. Walker 969

Ferris enrolls students from throughout Michigan. Our reach is statewide and we are an important resource in educating Michigan’s citizens. As we talk about students today I want to emphasize that these are your students from your districts. They are your constituents who you represent in Lansing.
During the past eleven years that I have served as president of Ferris State University, there have been major changes on campus, in the workplace and in the state’s economy. These have not been easy years for Michigan or its universities. My intent today is to suggest how we can work together to build a sustainable higher education system for our students and for generations of students yet to come. To this I bring more than a decade of experience working with appropriations committees in Lansing and nearly 40 years of experience as a university educator.

In beginning, I want to thank the citizens serving on our Board of Trustees for their dedicated work on behalf of Ferris State University. While our board has changed composition during my time as president, the common factor of all those who serve, and have served, is that they care deeply about students. They are committed to our core values of Collaboration, Diversity, Ethical Community, Excellence, Learning and Opportunity. Our board members embody these qualities. The members of our Board of Trustees include –

Gary L. Granger – Chair  
Sueann L. Walz – Vice Chair  
D. William Lakin – Secretary  
Alisha M. Baker – Member  
Paul E. Boyer – Member  
Erin R. Brown – Member  
Lori A. Gwizdala – Member  
Arthur L. Tebo – Member

In appearing before you today I am pleased to report our success on the priorities you suggested to us last year. Consider these facts –

- **Over the past decade Ferris State University has been one of the fastest growing public universities in Michigan and has made student success a priority. As a result** -
  - Student headcount has grown 33 percent.
  - Bachelor degrees awarded annually have grown by 43 percent.

- **Ferris State University is Michigan’s innovative leader in concurrent education**
  - Ferris State University general education classes are offered in the high school during the daily schedule.
  - Students are screened and selected by the high school.
  - Classes taught by high school faculty are reviewed, certified and guided by Ferris faculty.
  - Tuition is reduced to one third of the normal rate.
  - Talented students can graduate from high school with one year of college and no debt.

- **Ferris State University is Michigan’s leader in reverse transfer agreements**
  - Working agreements with Alpena Community College, Delta College, Grand Rapids Community College, Kirtland Community College, Lansing Community College,
Montcalm Community College, Muskegon Community College, North Central Michigan College, Northwestern Michigan College, Wayne County Community College and West Shore Community College to help students successfully complete their associate degrees.

- Ferris State University is Michigan’s leader in partnering with community colleges.
  - Ferris bachelor and master’s degrees are offered on community college campuses using their classrooms.
  - Place-bound students can earn a bachelor degree at the community college without leaving home and without taking any classes in Big Rapids.
  - Currently programs are offered at 18 locations with 16 community college partners. Two additional locations are planned for next year.

- Ferris State University manages resources very carefully.
  - Over the past decade state support for our university was reduced from $55 million to $41 million, a reduction of 25 percent.
  - During the eleven years of my presidency we have not passed reductions from the state on to our students through sharp increases in tuition. Instead, we have cut our budget and reduced costs. Over this period we raised tuition an average of 3.8 percent.
  - This past year we raised tuition by just 2.59 percent, the second-lowest increase among Michigan public universities.

- Ferris State University meets or exceeds the state performance metrics.
  - Critical Skills Graduates increased by 1,241 graduates.
  - Six-year graduation rate showing improvement.
  - Total degrees conferred are in top 20 percent of peers and showing improvement.
  - Institutional support showing improvement.
  - Number of Pell grant students is in top 20 percent of peers and showing improvement.

State Support for Public Universities

We are emerging from times of historic economic and fiscal challenges for Michigan. It is important to take a long-term rather than short-term view on higher education funding. What we are dealing with is regrettably the result of years of short-term decisions. It represents an alarming and disturbing continuum of disinvestment in the knowledge and skills Michigan’s citizens need. Strong higher education programs are needed for Michigan to attract and retain global business and industry. We can, by following the leadership of your chair and our Governor, reverse this trend.

This first chart tracks the changes in the major areas of our state’s budget over the past decade. Overall, the state budget is up 21.9 percent during this period with human services increasing by 57.4 percent and community health by 51.6 percent. In this comparison, no major
area of the budget has lost more than higher education. During this period higher education funding has been decreased by 24.2 percent. (See Chart One)

Unfortunately, the reality of the financial impact on Ferris State University has been far greater than this. Unlike K-12 education where funding is awarded based on headcount, higher education funding does not change based on whether enrollment goes up or down. During this period Ferris was the fastest growing public university in the state, but received no additional funding for this achievement. The next chart shows the impact of this. In 2001 the state provided $6,094 for each full-time student at our university. Had this amount only been increased by inflation and covered the number of students taught, this year we would receive $8,985 per student. Instead, this year we received $3,383 per student, or $5,600 less. Were we funded at the 2001 rate, we would have received an additional $68.4 million in funding this year and our state support would have been $109.7 million. Instead, we received just 38 percent of that amount. As a result, today the state provides just 16 percent of the budget for Ferris State University. (See Chart Two)

Governor Snyder has proposed increasing higher education funding by 6.1 percent, the largest increase in my eleven years as president of Ferris State University. This will reverse a decade of decline in funding for Michigan’s college students. College graduates are essential to Michigan’s future – a fact Governor Snyder recognizes. For a bright economic future, our state needs more college-educated professionals. This move to restore funding lost during our state’s economic downturn is a much-needed investment in our future. Ferris State University shares the Governor’s positive vision and looks forward to continuing to partner with state officials to produce more graduates – especially in critical skill areas – who will be the catalysts for Michigan’s new economy and future opportunity.

Over the years many promises have made been to the state’s universities. When higher education took the lion’s share of reductions in the 2011 budget, Governor Snyder told us he would work to restore that funding, and he is. Please support our Governor and our students in this effort.

Performance Metrics

Accessibility plays a role in the governor’s proposed addition of a metric based on the number of Pell Grant students a university is educating. As president of a university founded upon the principle of providing opportunity, I support Governor Snyder’s proposal.

Further, if changes are made to the performance metrics, the scoring of the Carnegie components of the funding model should be returned to the initial scoring. The recent changes reward institutions for Carnegie comparison (which can receive a score of 3), more highly than actual improvement (which can only receive a score of 2). As a result, an institution that continues to be above-average, but shows no improvement or actually declines, is scored higher than institutions that exhibit improvement. Performance-funding models should incentivize and
reward improvement. To do otherwise is counter-productive. Additional information and analysis will be provided to the Senate committee if this is useful for your consideration.

As Ferris has testified before, to assess the impact of any formula on the outcomes to be achieved, that formula must be consistent. It is difficult to measure performance when the metrics are continually changing. We do not support ideas such as an equity/foundation allocation based on per-student funding, incentives for a higher percentage of students that are Michigan residents, a revision of the graduation rate to four years instead of six, or removing graduation rates entirely.

We need to practice the discipline of not changing the formula annually or every time another idea is suggested. To that end, Ferris recommends the formula be fixed for five years so that the incented performance improvements can be assessed.

Student Success

In my conversations with students, prospective students and their parents, I frequently emphasize that it is not enough to go to college - the objective is to graduate from college. At Ferris State University we have made student success one of our highest priorities. To that end, we have become a national leader in implementing strategies for addressing the needs of students who may require additional assistance to realize their potential. We invest significant resources in helping students succeed. There is much more evidence of this commitment than can be included here. However, some selected examples include –

**Ferris State University Seminar** – Every entering freshman is required to take a freshman seminar. These classes are designed as an introduction to the university and teach students college success strategies. Since many of our students are the first in their family to attend college and may have little or no conception of college life, this introduction helps our students transition to the university.

**CARE 102** - Some students start college knowing their academic and career focus. Others either do not know, or are struggling to choose between different interests. Our career-exploration course, CARE 102, helps students make intelligent choices about career paths based on an analysis of their interests and abilities. CARE 102 offers opportunities for self-evaluation, vocational and educational planning, and the development of decision-making skills. CARE faculty members help students explore career paths through self-assessment inventories, group discussion, individual projects, assessments and consultation with educational and career counselors. This is an invaluable resource for many students. It has the ability not only to help students streamline their course loads, but keep them from experiencing a lack of progress which can be a factor in some students’ decision to stop-out or drop-out.

**Structured Learning Assistance** - Our University analyzes classes to determine those offerings where students are most likely to need help. Using these data we develop strategies that successfully assist struggling students. Our nationally recognized Structured Learning Assistance
program gives students a high level of academic support, reducing course withdrawal/failing rates and increasing the number of students who pass these traditionally challenging courses. The program features weekly study and practice workshops where students master course content, and develop and apply specific learning strategies. Facilitators attend course lectures with students and work in collaboration with the professor. The facilitator conducts workshops, develops workshop materials, clarifies lecture points for the students and assists them in understanding the expectations of the professor, plans workshop activities and much more to empower student learning. The approach is not to reduce the rigor of the course, but rather to help students effectively learn the material.

**MyDegree** - Ferris has implemented MyDegree, a real-time, web-based academic auditing and advising tool that helps students combine and compare degree requirements and coursework to most effectively chart a path to successfully complete a degree. MyDegree helps students avoid taking unnecessary courses, saving them money and improving their time-to-degree. This is also a useful tool for transfer students so they can chart their path through our university from the beginning of their experience with us.

**Proactive Advising** - Ferris places a premium on indicators of student success. Ongoing evaluation of those indicators is something our university considers to be mission-critical. For example, we have done an analysis of our academic advising and looked carefully at what we do with our developmental curriculum. The challenge is to anticipate when students are at risk, and implement effective intervention strategies while there is still an opportunity to help. The integration of these strategies and resources has helped us best serve those students who need additional help to earn degrees, in many cases becoming the first in their families to do so.

Advisors and program coordinators are apprised weekly, once registration begins, of specific students who have not registered. They are contacted, if necessary, so that academic and other registration holds may be negotiated, and financial aid considerations addressed, among other issues, so students may continue to make academic progress toward degree completion. The University has implemented an analysis of academic year and summer semester course offerings across all colleges to determine the impact of academic program requirements, general education requirements, and course prerequisites on student scheduling to alleviate bottlenecks and ensure necessary courses and adequate numbers of sections are being offered.

The results from these efforts have been impressive. The first important measure of student success is first to second-year retention. When I began as president in 2003, our first-year retention was 65 percent. This fall that had increased to 77 percent, an 18 percent improvement. Even more impressively, our graduation rate has improved from 38 percent in 2006 to 54 percent last year. This is a 42 percent improvement and places Ferris State University in the top 15 colleges in the country in terms of improved graduation rates. (See Chart Three)
Student Achievement Measure

However, this graduation rate tells only part of the story. It has been obvious for many years that the Integrated Postsecondary Education Data System (IPEDS) graduation rate for Ferris and many other universities was incomplete and significantly under-reported actual graduation rates. IPEDS includes only those students who begin and graduate from the same institution. A student who transfers to another university and graduates in a timely fashion is lost in this reporting, both for the college they left and the one they entered.

Now, a new reporting project with funding from the Bill and Melinda Gates Foundation, the Carnegie Corporation of New York, the American Association of State Colleges and Universities, and the Association of American Universities, shows a more complete picture of student outcomes. The Student Achievement Measure looks at student progress across different post-secondary institutions to track students’ progress toward a degree. As inaugural member of SAM, at Ferris we can now quantify what we have known for years – that ignoring student mobility disadvantages colleges and universities that seek to provide opportunity for students at any stage of their educational journey. (See Chart Four)

Using this measure, we know the following about Ferris State University students who began in the Fall of 2007 –

- 52.5% graduated from Ferris within 6 years
- 11.3% graduated from another institution within 6 years
- 6.1% are still pursuing a degree from Ferris
- 8.8% are still pursuing a degree from another institution
- 21.3% status unknown

Additionally, we know the following for students who transferred into Ferris State University -
- 64.3% graduated from Ferris within 6 years
- 8.9% graduated from another institution within 6 years
- 2.8% are still pursuing a degree from Ferris
- 4.1% are still pursuing a degree from another institution
- 19.9% status unknown

To summarize -
- 63.8% of the students who began as freshman earned a college degree
- 73.2% of who transferred into Ferris earned a college degree
- 14.9% of the students who began as a freshman are still pursuing a degree
- 6.9% of the students who transferred are still earning a degree

The success rates for students who begin as freshman or who transfer into Ferris is 80 percent! The Student Achievement Measure Reports for Ferris State University are attached to this
The SAM website notes that “more than one in five students who complete a degree do so at an institution other than the one where they started.” This means that traditional measurements have reduced the actual number of degrees earned by 20 to 30 percent. All Michigan public universities have agreed to adopt this new system. I encourage you to re-evaluate graduation data, adopting the SAM in place of the outdated and incorrect IPEDS rates.

Incenting Career Oriented Education

From its founding, Ferris State University has been committed to career-oriented education. We think of this approach as instruction where theory meets practice and students learn by doing. As a result, students graduate prepared for success in their careers and in life. At Ferris we have the largest College of Engineering Technology in the country, some of the largest healthcare programs in the state, and career-oriented programs throughout our colleges. The graduates from these specialized programs in high-demand career areas are employed with excellent starting salaries and significant opportunities for career advancement. Eleven of these fields enjoy 100 percent placement with median starting salaries between $50,000 and $60,000. (Chart Five)

It also demonstrates your wisdom last year in placing a strong emphasis on degrees in Science, Technology, Engineering, Healthcare and Mathematics fields. All college degrees are important, but with limited resources I encourage you to continue the incentives you have created for universities to graduate students in these high-demand, high-paying fields.

Restraining Costs and MPSERS

Each of us in this room is concerned about the cost of higher education. Typically I find most people think of higher education solely in terms of tuition. The reality is that the amount we spend on each student represents the sum of tuition and state support. Since 2001 our cost to educate a student has increased by an average of 2.4 percent per year. Over this period the cost of a Ferris education has increased significantly less than the Consumer Price Index (CPI) of 2.7 percent and Higher Education Price Index (HEPI) of 3.3 percent.

While I have annually testified about our efficiency it was good to see this confirmed in the methodology adopted by the House Fiscal Analyst, Kyle Jen. These data confirm that Ferris State University has been the most efficient public university in Michigan at constraining costs. In this we are well below the state-wide average of 3.5 percent. (Chart Six)

However, one area where we cannot control costs is the Michigan Public School Employment Retirement System. Ferris State University is one of seven public universities with employees in MPSERS, which is the state’s system, not ours. We have no representation on the
MPSERS board and no input into its policies. Only you can help us with this unfunded mandate. The MPSERS issue is one that has for many years defied efforts to slow or reduce its burden.

At our University we have limited retirement costs for all non-MPSERS employees to no more than 10-12 percent. For our 265 MPSERS employees we currently pay more than 40 percent of salary. Without relief it seems likely that our contributions for members will exceed 50 percent in five years. If this pattern does not change, by 2020 we will pay 65 percent of their salary to MPSERS. Beyond this it is important to understand we also pay a percentage on the combined salaries for our 557 employees who are not members of MPSERS. These are employees who would have been in MPSERS had new higher education employees continued to be added to the system when it began to be phased out in 1996. The 16.61 percent we currently pay for these employees represents annually an amount in excess of $2 million and has nearly doubled in just two years. (See Chart Seven)

Last year Ferris State University returned 21.6 percent of our state appropriations for this burdensome, underfunded retiree pension and healthcare plan. For this year the cost is estimated to be $9.6 million, an increase of $1.2 million in one year alone. (See Chart Eight)

We are effectively constraining costs, but I plead with you to reign in the unfair burden placed upon us by MPSERS. You can change this for us. This is the year to cap our MPSERS payments as you have already done for community college and K-12 education. We desperately need MPSERS relief. Currently every full-time student at Ferris pays $823 in tuition to support MPSERS costs. Michigan can fix this with $14 million this year. Please do this to help our students.

Closing Thoughts

In thinking about funding, budgets, metrics, cost and MPSERS, it is important to not lose sight of why we are here. Ultimately our University will be judged on how we help students and change the lives of our graduates. I’d like to share with you two stories of recent graduates and how Ferris is working for them and with them to secure success in the next phase of their lives.

These two recent graduates benefitted from our “Patriot Express” project. This was developed by faculty member Mischelle Stone. She observed that military veterans in her classes already knew much of the material as a result of their military education, training and experience. As a result we were able to reduce their time to complete their bachelor’s degree in Criminal Justice from 48 to 30 months. Last December, the first two students graduated early thanks to this program.

First Class Petty Officer Jeffrey Wahl enlisted in the United States Navy in 1998. His service includes deployment on the USNS Comfort to Iraq/Iran, deployments to Guantanamo Bay, Cuba, and Afghanistan, where he detained 160 enemy combatants without loss of life. He has
been a member of the Navy Reserves since 2007. His many honors include the Army Commendation Medal and three Navy Marine Corps Achievement Medals.

Sergeant Mark Balanowski joined the Marines after high school and was first deployed in 2010 to provide relief in Haiti, and then to the Red Sea as part of the war effort. In 2012, he served in Afghanistan as a quick response force team member and a “fallen heroes” pallbearer. Throughout his time overseas he says he always had a dream of earning his college degree.

Mark Balinowski is currently working as an Employment Specialist with a prisoner re-entry program in Michigan. Upon completion of his bachelor’s degree, Jeff Wahl was promoted to Master of Arms in the U.S. Navy. He remains in the Navy Reserves and is currently in training in Chicago to become a claims agent with a major insurance company, working toward creating his own office/agency in the Chicago area.

Ferris is proud of its tradition of being a military-friendly university. People like Petty Officer Wahl and Sergeant Balanowski represent our veteran students who bring fortitude, integrity and determination to bear on their studies in preparation for their new mission of succeeding in their civilian careers, just as they succeeded in their military careers.

Thank you for making a difference for Petty Officer Wahl, Sergeant Balanowski and for the more than 14,000 students who attend Ferris State University. An investment in their future is an investment in Michigan.

This testimony and supporting materials are accessible online at http://www.ferris.edu/HTMLS/administration/president/presentations/2013-2014/index.htm