Senate Appropriations
Subcommittee on Higher Education
Ferris State University

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Higher Education in Michigan:

Funding our Students’ Futures and Building Michigan’s Economic Future Together

David L. Eisler, President
Sally DePew, Director, Budgetary Planning and Analysis
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 Ferris State University. We are especially honored to host this meeting on campus today in our beautiful new University Center. You are our advocates and supporters, leaders for Michigan who understand the importance of higher education and who are willing to work with us to make a difference for our students. For this advocacy and support - past, present, and future, we thank you.

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

Sen Hertel 298 students  
Sen. Shuitmaker 588 students 
Sen. MacGregor 1,252 students 

We are also pleased to have Representative Potvin here today and he has 1,695 students in his district. Together you represent more than 25 percent of our students. These students, who hold the key to Michigan’s future, are from your districts. You represent their interests in Lansing. On their behalf I thank you for your efforts.

In fact, Ferris State University enrolls students from every county in Michigan. We focus on career-oriented education following a tradition we trace back to our founders. Our vision expresses this aptly - we are a place where theory meets practice. Our enrollment exceeds 14,500 with campuses in Grand Rapids and twenty-one other locations across the state. In these locations we most frequently partner with local community colleges, using their facilities to provide a Ferris education. This statewide reach, and our emphasis on STEM-area and heath care programs, make Ferris State University an important resource in educating Michigan’s citizens to fill openings in the very areas the state needs to fuel its recovery.

Ferris State University is fortunate to have a tradition of dedicated citizens who serve on our Board of Trustees. Currently, those members are -

Paul E. Boyer – Chair  
Erin R. Brown – Vice Chair  
Lori A. Gwizdala – Secretary  
Alisha M. Baker – Member  
Gary L. Granger – Member  
Ana Ramirez-Saenz – Member  
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Arthur L. Tebo – Member
Support for Higher Education in Michigan

In considering this year’s funding proposals for higher education I find it useful to place them in the context of experience from twelve years as president of Ferris State University. When I began in 2003 our state support was about $53 million. During the most difficult years our funding dropped to $40 million, an overall reduction of nearly 25 percent. Last year our state funding passed the $50 million mark. I am very grateful for the efforts of our Governor and you, our legislators to restore higher education funding. Having made hard decisions myself, I certainly appreciate the difficulty and complexity of your task. In considering this, it is useful to remember that when I began at Ferris our enrollment was 11,074. This past fall it was 14,600. This reality is simple - today at Ferris State University we teach one-third more students with less support than when I began.

Throughout we have worked to be good stewards of our resources, and mindful of the affordability of the education we provide. During my twelve years as president we have never passed on a budget reduction to our students in the terms of increased tuition. When the state has reduced our funding we have reduced our budget. As a result, over this timeframe the cost of a Ferris education has increased by an annual rate of 2.4 percent. This is significantly below the Consumer Price Index rate for the period, which averaged 2.7 percent. The simple reality is that higher education has not been a funding priority for Michigan and has fared far worse than other major sectors of the budget. (Slide One - Michigan Budget Priorities).

The impact on Ferris State University has been stunning. During the years when the higher education budget was being cut, Ferris was increasing enrollment at a rate greater than that of any other public university in Michigan. This combination of increasing enrollment and declining support means we have been educating students for Michigan’s future using fewer and fewer resources per-student each year. 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 increased number of students we teach, this year we would receive $9,296 per student. Instead, this year we received $3,737 per student, or $5,559 less. Were we funded at the 2001 rate, we would have received an additional $62 million in funding this year and our state support would have been $112 million instead of $50 million. (Slide Two - Appropriations per FTE slide)

There is another area where I am deeply troubled by the actions of the past. This is in the area of student financial aid, which is an additional past state funding reduction that sadly has been forgotten. In 2009 the state vastly reduced financial aid to students. Up until 2010 there had been a proud tradition of providing state financial support for students. This amounted to a commitment of between $235 million and $262 million annually. In 2010 the state could not further reduce funding to higher education because of the requirements in accepting the financial stimulus package. Instead, in one year financial aid support for our students was slashed by $151 million to a total of $84 million.

At the same time a movement to replace state funds with federal TANF funds was begun. I would encourage you to remain vigilant of this and the potential pitfalls of a strategy that uses
federal funds for this on what I believe is very weak rationale. Today student aid is at $105 million, but only $8 million of these dollars are state funds. It would be catastrophic for our students if these federal funds were removed.

My intent in sharing this information is not to seek to change budget proposals in this challenging year, but rather to plant a seed that you will hopefully act upon next year and for additional years into the future. You need not only to work to restore support to our institutions, but also this much needed aid for our students. This is a case in which the State of Michigan, due to a poor decision from the past, has stepped away from its responsibilities to college students and placed too much of the burden for affordability on the backs of public universities. (Slide Three – State Financial Aid Support)

Proposed 2016 Budget

This part of my testimony is easy and straight-forward. When Governor Snyder released his Executive Budget I immediately went on public record to express my thanks and strong support for his proposals. One of the reasons I find Governor Snyder’s Executive Budget proposal especially commendable is that it recognizes the power of the partnership between state government and Michigan universities even during a year of tough funding decisions. Restoring higher education funding is an important priority for our Governor and for creating the Michigan of the future. Unless we decide to turn back the clock on technological breakthroughs in healthcare, communications, manufacturing and virtually every other aspect of our lives, we are going to need an educated workforce.

Governor Snyder’s budget proposal includes a continuation of awarding a portion of each university’s appropriation based upon a performance-metrics formula, and a 2.8 percent cap on tuition, down from last year’s 3.2 percent cap. This year, almost all of the proposed increase is tied to performance. The linkage between performance metrics, increased funding and tuition restraint underlines the partnership between university and state necessary to help keep a college degree affordable. State funding is one of the pillars of college affordability. As a university that produces graduates in much-needed STEM-areas and serves Pell-eligible students, among other factors, we are meeting clearly articulated goals and therefore do well under the performance formula.

Again this year I stress the importance of keeping the performance metrics consistent. A major rationale behind the metrics is to incent universities to plan for the future with an eye toward priorities state leaders feel best serve the state’s interest. This is not possible if the metrics or the manner in which they are measured continue to change, creating a moving, uncertain target.

Performance funding has been least successful in those states where the number of metrics is large and the formula is complex. Consistency of measurement is the final leg that underpins successful application of a formula that serves the desire of the state to offer guidance, helps
universities plan, implement and manage their educational efforts toward these goals, and allows both the state and universities to assess outcomes by amassing a consistent set of data.

Last year I called for a five-year freeze on changes to the performance metrics. I do the same again this year. The value of what can be learned through a review of performance metrics will be severely undermined if we begin every year with a new set of measures. You have created a workable performance model. I urge you to not fix what is not broken.

**MPSERS Costs and Affordability**

The proposed increase in higher education funding has received most of the public attention. However, the governor’s proposal to limit contributions to the Michigan Public School Employees Retirement System represents important long-term stability to the seven Michigan universities, including Ferris, who pay into the system.

As a part of restraining costs, since 2001 we have aggressively pursued operational efficiencies. In fiscal year 2013-14, for example, Ferris State University realized $1,105,529 in savings thanks to cost-containment initiatives. More importantly, the bulk of those savings, $736,908, are savings to our base budget. We detailed these efficiencies last fall in a letter to John Roberts, the state budget director.

However, one area where we cannot control costs is MPSERS. For over a decade I have testified about the oppressive unfunded mandate of MPSERS, a clear example where state decisions of the past have promised far more than was financially feasible or reasonable. These extraordinary costs were then passed on to our seven universities without representation or input. Included in your packet is a history of our participation in MPSERS and the burden it has become for our university.

At Ferris State University we have limited retirement costs for all non-MPSERS employees to no more than 10-12 percent of their salary. When I began at Ferris we paid 23 percent of a MPSERS employee’s salary to retirement. Today we pay an astonishing 44 percent of a MPSERS employee’s salary. However, the cost for us does not end there. We also pay an assessment on the salary of an employee who would be in MPSERS, but is not because of Proposal A, passed in 1994. When I began at Ferris we paid a little less than one percent on this, today we pay nearly 17 percent. This is to cover shortfalls in the fund, and are benefits that these non-MPSERS employees will never receive.

In 2003 our MPSERS costs were slightly more than $5 million with more than 500 current employees in that system. Last year we had fewer than 250 employees and paid $8.8 million. This is an increase of 72 percent! As a result, last year Ferris State University returned 21.6 percent of its state appropriations for the MPSERS retiree pension and healthcare plan. Another way to look at this is that we pay approximately $700 in MPSERS costs for every full-time student at Ferris State University.
Sen. Schuitmaker, thank you for your leadership on this issue. You have listened to the voices of the seven MPSERS universities, understand this problem and have worked to help support solutions which begin to find us the relief we so badly need. Governor Snyder’s Executive Budget proposals, which are an important first step toward MPSERS relief, include capping MPSERS contributions from the seven Michigan universities that pay into the system to 25.73 percent of an employee’s salary, down from the 30.45 percent Ferris now pays.

Even with these reforms, estimates are that our MPSERS costs will continue to increase, growing to $12.4 million in 2036, over twenty years from now. Additional assistance will be needed as our university grapples with this financial burden for many years to come. Thank you for considering and supporting this critically important issue for us. I am grateful that there are now finally leaders in Lansing who are willing to address the financial decisions of the past. (Slides Four, Five, Six and Seven – MPSERS)

**Ferris’ Career-Oriented Focus**

Ferris State University prides itself on its tradition of being a center of learning whose focus is on the transformation of lives through education that is hands-on and practical. Our mission statement puts this succinctly - *Ferris State University prepares students for successful careers, responsible citizenship, and lifelong learning. Through its many partnerships and its career-oriented, broad-based education, Ferris serves our rapidly changing global economy and society.*

During its history, Ferris State University has consistently responded to the changing needs of the workplace and our students. In 1893 when a student asked our founder Woodbridge Ferris for help in becoming a pharmacist, Mr. Ferris procured the necessary materials and drew upon medical training he had received to instruct the student – who subsequently passed the state boards. This began our College of Pharmacy. At one time, telegraphy was the new technology, and we taught that. Color television broadcast was once the new technology, and we were at the forefront of instruction in that new medium.

Today we are grappling with changes to the economy brought about by the age of electronics and globalization. This has created new career pathways, and has brought established career paths, such as manufacturing, information and entertainment media, and healthcare into the technological and digital age.

Both traditional and new career-path options for students require a university be nimble in the way it responds to those needs by creating new programs, upgrading curriculum and facilities to not just keep pace, but to lead in this marketplace. At Ferris this is a part of our academic and institutional DNA. While some students begin college unsure of their area of study, a large number of students come to Ferris because they know exactly what they want to do. Most remain in that program from the time they are first enrolled to the time they graduate. Our programs at Ferris attract truly dedicated students and define who we are as an educational institution. Some examples include our Nursing and Health Care programs, which encompass Pharmacy and Optometry, Actuarial Science, Collaborative Design, Construction Management, Criminal Justice,
Digital Animation and Game Design, Information Security and Intelligence, Professional Golf Management, Television and Digital Media Production, and Welding Engineering Technology. These are just a few examples of areas of study that illustrate what we mean by “career-oriented.” Many more are presented in your packet. Graduates in these programs receive high-salaried job offers, frequently before they graduate.

Our challenge in some of these programs is to increase our capacity to match the number of students who would enroll if that space was available. This is certainly the case in Welding Engineering Technology where the waiting list is 100 students long, limited by the number of students we can safely accommodate in our current facilities. This is a program that produces bachelor degree graduates much needed in our state and who start with salaries that average $65,000.

To speak to the appeal of these programs and their application in the job market, I have asked two Welding Engineering Technology students to present some brief remarks.

Cheyenne Kelly is a sophomore in the program and a local student from central Montcalm County. She is the second female Welding student in her family. Her cousin went through the program and encouraged Cheyenne to enter the field. She knows firsthand about our need for space, because she spent a year at Montcalm Community College while waiting to get into Ferris’ program.

Cheyenne Kelly Testimony

Good afternoon, my name is Cheyenne Kelly. It’s an honor to have the opportunity to talk to you about Ferris State University’s Welding Engineering Technology program.

This is my first year in the program. I chose Ferris because of my passion for welding, as well as my family history. My cousin Katrina also studied Welding Engineering Technology at Ferris. She was the first woman to graduate from the program with a bachelor’s degree. She has inspired me with everything she has accomplished in her career, which includes her work with Lockheed Martin on the space shuttle’s fuel tanks.

One of the challenges of studying to follow in my cousin’s footsteps is the space constraints we have in the Swan Building. As President Eisler said, I spent a year as a community college student because the Welding Engineering Technology program had a wait list. That is still the case. The program still has a waitlist for students who want to study at Ferris, but can’t because there is no room for additional students.

Besides allowing more students to earn their degrees totally with Ferris, an expansion of space for the program would improve the classroom experience. Right now, students share booths, and different classes take place right next to each other in the welding lab. It’s difficult to focus when you have another class speaking over the top of you.
Right now we have sophomore projects going on. Some of them are quite large. For example, one student is building a boat! The area where this takes place is sort of a maze. Having enough space would help us to learn in an environment that better matches the kind of work environment we will find when we graduate. We have state-of-the-art equipment, but not room enough to make full use of it. For example, students working with the plasma table can use huge sheets of steel or aluminum, which can get in the way of other students.

I am excited to be in the Welding Engineering Technology program, and only wish that I had been able to begin my study a year earlier than I did. Thank you for coming to Ferris State University and taking the time to hear from students in the Welding Engineering Technology program about our experiences in the classroom.

Brad Williamson is a senior in the program and a second-generation Welding student at Ferris. His father, Dave, graduated from the program and is on the university’s Advisory Board. He is an example of a student who has secured a job offer well before graduation.

Brad Williamson Testimony

Good afternoon, my name is Brad Williamson. Thank you for allowing me to talk for a couple of minutes about the Welding Engineering Technology program.

I am the second generation Williamson to study in the program. My father graduated in 1991, and my younger brother, Danny, is a freshman in the program.

This May I will graduate with my degree. Last November I accepted an in-state job offer with AXIS Integration in Britton. Receiving a job offer before graduation is pretty common for students in Welding Engineering Technology. As of today, 74 percent of my graduating class, 29 of 39 students, have been placed in a full-time job. The average base starting salary for this kind of position is between $65,000 and $70,000. Of the 650 students who have graduated from the Welding Engineering Technology program during its history, over 300 are located in Michigan as welding engineers.

I am very excited about starting my new position. Because I did my internship with AXIS, I am confident about being able to be productive right away. There is a 70 percent correlation between where a student does his internship and where that student accepts a full time job.

- The average student works 600 hours on their internship
- The average pay is $19.27 per hour, for an average total of $12,000

Being in a program that has this kind of paid internships is a huge help in reducing the amount of debt students graduate with. It helps that we learn on state-of-the-art equipment. The companies that hire Ferris students also work closely with the program. For example, Miller Electric has donated three robotic cells, and off-line programming. Up to 90 percent of the capital equipment comes from industry donations and consignments, mainly from past graduates who are now employed in the field.
Right now, I am involved with my capstone project, which brings together all of the skills that we as Welding Engineering Technology students learn throughout the four years of our study. This includes fabrication, project management, technical writing and metallurgy.

Thank you again for giving me the opportunity to talk about my program. I hope I have given you some insight into the Welding Engineering Technology program and what it does for students here at Ferris State University.

Closing Thoughts

Often at the end of my testimony I will relate a story about student success. Today, I want to offer a few figures that I think also tell a story, a story about who we are as an institution. I’ll call this the “Ferris Index.”

Net price is a federal statistic each college and university is required to place on its website. It is an all-inclusive cost for college, including tuition, fees, room and board, books, travel, and incidentals minus the average award of financial aid. At Ferris we include a calculator on our website so students calculate this without personal identification.

- $15,800 – The average Net Price for a student from families earning $75,000 to $48,000
- $12,500 – The average Net Price for a student from families earning $48,000 to $30,000
- $9,500 – The average Net Price for a student from a family earning less than $30,000
- 130 – The number of years Ferris State University has been educating students for careers
- 91 – The percentage of students at Ferris who are state residents
- 83 – The number of counties in Michigan – Ferris enrolls students from all of them
- 28 – The number of community college in Michigan – Ferris has reverse transfer agreements with all of them
- 21 – The number of satellite campuses where students can earn Ferris degrees
- 16.2 – Ferris’ student enrollment per full-time faculty member
- 0 – The number of classes at Ferris taught by graduate assistants rather than faculty members

Taken together, these figures paint a picture of a university that values its tradition of providing opportunity to students, especially those in need. Ours is a tradition of instruction that is career-focused, employing faculty members who are experts in their fields to teach in small classroom settings rather than overseeing large lecture sections. This is the approach in which students learn best. These figures also reinforce that we educate students from across Michigan for jobs in Michigan.

I will tell one story. Last December a young woman graduated with our bachelor’s degree in Social Work. Perhaps without first realizing it, she started on this career path very early in life. At the age of seven she was volunteering in a local nursing home where her mother was employed.
as a nursing aide. When she was eight she befriended a woman who was in her early eighties. She came to realize this woman was being mistreated and found the courage to report the abuse. Thanks in large part to her actions, the facility was charged with abuse and neglect, fined, and eventually re-opened under new management,

With no history of family members attending college, after high school this student first went to vocational school to learn cosmetology, earned a business certificate, and worked for more than two years at a salon in Traverse City. However, she found her way to Ferris, and although at times sleeping on a friend’s couch, in rented basements or motel rooms and showering at the University Rec Center, this student took 19-20 credits hours a semester, maintained a 4.0 GPA and graduated with a Bachelor of Social Work. Despite being the first in her family to earn an undergraduate degree, she is now looking at working toward her masters and doctorate. Charlie Bouverette is exactly the kind of student Woodbridge Ferris had in mind when he began his school. She is a student who came from a very modest background, worked hard, and is on her way to making the life she envisions for herself a reality. When I think about why we are in the business of educating students, Ms. Bouverette comes immediately to mind.

Thank you for taking the time to visit the Ferris State University campus today. I hope you will tour some of our facilities while you are here. Seeing firsthand our work will emphasize this fact - Ferris is an institution that is helping to build great futures for our students through an educational approach where theory meets practice. Thank you most of all for your efforts to help our students, both those on campus today and the generations that will follow.

This testimony is accessible online at http://www.ferris.edu/president/presentations/2014-2015/SenateTestimony2015.pdf