

*Higher education:
Why investing in Michigan's public
universities leads to a
stronger economy for all*

A White Paper
prepared by
Presidents Council State Universities of Michigan
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“In the 20th century, the most valuable assets to job creators were financial and material capital. In a changing global economy, that is no longer the case. Today, talent has surpassed other resources as the driver of economic growth.”

**Gov. Rick Snyder
Special Message on Talent
December 1, 2011**

Q. Why invest in higher education?

A. It's the best economic strategy for all of Michigan

The data tell the story. For Michigan to have a vibrant future, one where population grows, incomes increase and business prospers, it needs to have more college graduates.

In today's knowledge economy, college graduates are the most important ingredients in creating a prosperous state or region, best defined as those with high per-capita income and low poverty rates.

A recent University of Michigan study found only 10 percent of new jobs in our state next year will be in factories. The hottest jobs, those in most demand paying middle class wages, include information technology security, specialized nurses, user-interface software developers, high-tech sales and marketing associates and data scientists – all jobs that require a four degree. We need to invest in our young college students to ensure they graduate and can fill these high-paying jobs.

Today's economic development mantra is to compete for “more and better jobs.” The better jobs, those paying the most with a rewarding, long-term future, less likely to be outsourced or automated, are being filled by those with a college degree.

If we want to see Michigan's economy continue to grow, we must invest in higher education. If we fail to do so, those jobs will go to states that are creating and attracting college graduates by investing in higher education and the kinds of cities that college graduates are flocking to in today's world.

Gov. Snyder said it well in a 2011 speech: *“Today, talent has surpassed other resources as the driver of economic growth.”*

The question for policymakers is whether they will invest in creating talent. Higher education is our state's best tool for creating the talent employers demand. It's crucial that Michigan act now to reinvest in higher education and regain its reputation as the place to go for top-quality, cutting-edge talent that can compete with workers anywhere in the world.

Higher education and economic development: Hand in hand

One need only look at education attainment data to know which counties have the strongest economies. Washtenaw, Oakland, Leelanau, Ingham, Kalamazoo, Midland, Livingston and Kent counties have education attainment levels of 29.9 percent or more and vital economies powered by highly educated workers. At the other end of the scale are Lake, Oscoda, Clare, Montmorency and Arenac counties, where less than 11 percent of the population has a college degree and a much higher proportion of residents live in poverty.

Our universities turn out the graduates who can keep up with the technological knowledge required in today's advanced manufacturing jobs, as well as entrepreneurs who are creating new jobs in areas such as bioscience, engineering, fashion design, computer apps and agribusiness. In today's world, new retail and health care facilities, construction projects, auto repair shops and tourism operations – often employing those who do not choose to obtain a college degree – grow faster in communities with many college graduates, creating jobs and opportunities for those without degrees.

Graduates are not the only product of Michigan's universities. Research conducted by Michigan's public universities attracts more than \$2 billion dollars from outside of the state while giving our businesses a front-row seat to the new technologies that will shape the future.

More state support will mean lower debt for graduates

While Michigan public university students have college debt loads much lower than those of for-profit private universities, it is still a matter of serious concern.

If the state dramatically increased its support for college students, tuition increases could be held down, and students would see lower debt loads and increased ability to pay for the debt they incur.

Lawmakers concerned about the economic consequences of high college debt can best address that issue by increasing per-student support for universities.

If Michigan lawmakers want better paying jobs for their constituents, they must invest in higher education

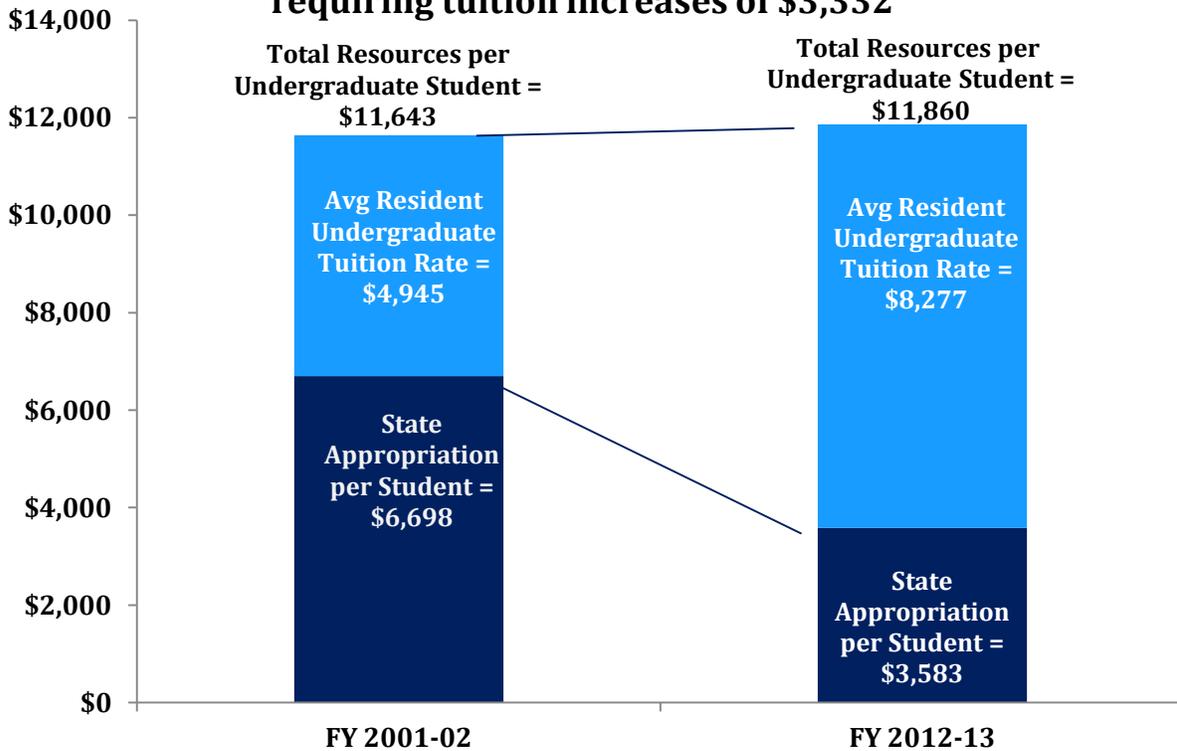
Michigan today is not winning the battle to attract talent from outside of Michigan. That means it is vital for Michigan to do a better job of creating talent – college graduates – from its own population, and to attract the best and brightest young high school graduates from other states and nations.

The best way to do that is to invest in our high quality universities – making it possible for them to maintain quality while holding down tuition. The only way that can happen is to restore state support per student to levels of 2000 and before, when per student support, adjusted for inflation, was nearly double today’s levels.

Michigan’s universities have been cutting programs and costs while investing in new majors that their business partners have requested, including programs that focus more on teaching and encouraging entrepreneurship. Over the last decade, the cost of providing a college education at a public university in our state has increased at about the rate of higher education inflation, helping maintain high-quality institutions our students and businesses rightly demand.

What has changed over that decade has been massive state reductions in support for students attending college. Adjusted for inflation, the cost of college degree that cost \$11,643 in 2001-02 has risen by only \$217. But due to massive cuts in state support (from \$6,698 to \$3,583 in 2001 dollars), tuition has risen significantly. This is why Business Leaders for Michigan has called for a \$1 billion increase in state support for higher education over 10 years.

Families have been asked to make up the difference, requiring tuition increases of \$3,332



National statistics show Michigan spends about \$209 per person for higher education, compared to \$259 per person for the national average.

To become a top 10 state – we need more college grads

In today's knowledge economy, college graduates are the most important ingredients in creating a prosperous state or region, defined best as those with high per-capita incomes and low poverty rates.

College graduates who have developed their ability to be flexible, lifelong learners capable of communicating clearly and working in collaborative, entrepreneurial ventures are the raw material of Silicon Valley, New York City, Boston, Seattle, Minneapolis and Chicago – the thriving metropolitan areas that are leading in providing “more and better jobs” that are the foundation of today's middle class, and driving the economies of their states.

Census data for 2010 shows Michigan is well behind the nation in its supply of college graduates, ranking 35th in the nation in college attainment. This is the primary reason our state is one of the nation's poorest, ranking 36th in the nation.

Metro Area	Per Capita Income	% w/ Bachelor's Degree or More
San Jose/San Francisco	\$56,061	41.4
Boston/Worcester	\$50,332	38.1
Seattle/Tacoma	\$47,417	35.4
Minneapolis/St. Paul	\$45,668	36.6
Chicago	\$44,043	33.5
US Average	\$39,937	28.1
Detroit/Warren/Flint	\$37,398	27.8
Grand Rapids/ Muskegon/Holland	\$32,441	24.8

The challenge for our state is easy to see, but not easy to achieve. If we want to again be a leader in providing more and better jobs for our state, we need more college graduates.

Entrepreneurial, flexible, ready for the work of today as well as tomorrow – that describes Michigan's college graduates, and our public universities. Investing in them is not just investing in the students attending college – it's adopting the new vision of a middle class lifestyle for all of Michigan in a world where factory jobs are fewer and pay far less than a generation ago. Michigan's future truly is in college.