Joint House and Senate Appropriations Subcommittees on Higher Education

State Investment in Michigan’s Public Universities

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Thank You

• Legislative Stewardship & State Investment
• Committee Meeting Format
  • Further insight into universities’ public purpose missions
• Comments
  • FY 2017 Executive Budget Recommendation
  • State Higher Education Funding—Broader Context
  • Tuition Policy
  • State Financial Aid
  • Institutional Cost Containment
FY 17 Executive Budget Recommendation

• 4.3% increase in university operating support
  • Aggregate restoration to 2011 levels, minus inflation
    • Inflation-adjusted restoration = $137 million more in state investment
  • 5 universities remain below 2011 levels
• Half across the board, half through funding formula
• 5th consecutive year of re-investment
• Appreciation for Executive capital outlay authorization recommendations
• Themes: consistent, sustained investment
State Higher Ed Investment—Longer View

- FY 2011-2016: U.S. +11.6% / MI -2.4%
- $1 billion reduction in inflation-adjusted state higher education and student aid funding since 2002
- MI ranks 40th in per capita state fiscal support for higher ed
- Since 2000, 80% of tuition price increases are attributable to state funding reductions; nearly 100% when factoring in institutional financial aid (inflation-adjusted, as of FY 2014).
## Higher Education as a State Investment Priority

### Table 22

<table>
<thead>
<tr>
<th>Budget Area</th>
<th>FY 2005-06 Year-to-Date Appropriations</th>
<th>FY 2015-16 Initial Appropriations</th>
<th>Dollar Difference</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Human Services</td>
<td>$5,768.8</td>
<td>$6,357.1</td>
<td>$588.3</td>
<td>10.2%</td>
</tr>
<tr>
<td>Corrections</td>
<td>1,872.7</td>
<td>1,947.9</td>
<td>75.2</td>
<td>4.0</td>
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<tr>
<td>K-12 School Aid</td>
<td>11,308.0</td>
<td>12,120.6</td>
<td>812.5</td>
<td>7.2</td>
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<tr>
<td>Community Colleges</td>
<td>281.6</td>
<td>387.8</td>
<td>106.3</td>
<td>37.7</td>
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<tr>
<td>Higher Education</td>
<td>1,730.9</td>
<td>1,437.7</td>
<td>(293.2)</td>
<td>(16.9)</td>
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<tr>
<td>Revenue Sharing-Constitutional</td>
<td>680.1</td>
<td>783.9</td>
<td>103.7</td>
<td>15.3</td>
</tr>
<tr>
<td>Revenue Sharing-Nonconstitutional</td>
<td>423.5</td>
<td>468.5</td>
<td>45.0</td>
<td>10.6</td>
</tr>
<tr>
<td>All Other Programs</td>
<td>5,638.4</td>
<td>6,618.2</td>
<td>979.8</td>
<td>17.4</td>
</tr>
<tr>
<td><strong>Total State Spending</strong></td>
<td><strong>$27,704.0</strong></td>
<td><strong>$30,121.6</strong></td>
<td><strong>$2,417.6</strong></td>
<td><strong>8.7</strong></td>
</tr>
</tbody>
</table>

Tuition Price Controls

• Opposition to legislatively-directed tuition caps
  • Implications for college affordability, student success
  • Appointed/elected governing boards have fiduciary responsibility for tuition policy
• Negotiated state “buy-down” of tuition increases
• 96% of tuition decisions in past 5 years have been under the cap
State Student Aid

• Flat funding for MI Competitive Scholarship program
• MI 39th nationally in student aid investment
• 70% reduction in state aid since 2002 (CPI adjusted)
• Shift in the provision of student aid from the state to institutions
• Request: sustained investment in needs-based aid
State Universities – Filling in the Void of State Student Aid Disinvestment

Financial Aid in Michigan
Constant 2015 dollars (CPI-U)

Data source: House Fiscal Agency, MASU

Institutional Financial Aid
State Financial Aid

FY 2002: $311,649,434
FY 2003: $331,819,851
FY 2004: $353,249,253
FY 2005: $352,509,143
FY 2006: $395,928,444
FY 2007: $421,411,102
FY 2008: $456,673,334
FY 2009: $505,553,371
FY 2010: $514,274,986
FY 2011: $603,938,611
FY 2012: $664,310,650
FY 2013: $739,115,603
FY 2014: $800,000,000
FY 2015: $871,094,200
Institutional Fiscal Stewardship

• Group purchasing
  • MI Coalition on Health
  • MI Universities Self-Insurance Corporation
  • Midwest Higher Education Compact
• Faculty and staff reductions
• Organizational realignments, consolidations
• Efforts to boost student success
  • Increased retention, degree completion, reducing time-to-degree
In Michigan – The State-to-Student Cost Shift in Paying for a Public University Education

University GF Revenues - FY1979

- Appropriations: 70%
- Tuition & Fees: 30%

University GF Revenues - FY2015

- Appropriations: 23%
- Tuition & Fees: 77%

Data source: House Fiscal Agency
State Universities – Not Passing the Buck on to Michigan Students

Average GF Revenues per Resident Undergraduate FYES
Constant 2015 dollars using CPI-U

Average FY15 revenues are $61 less than FY02.

Data source: House Fiscal Agency
Thank You