Higher Education
Legislative Roundtable
February 13, 2019

Daniel Hurley, CEO
Discussion Agenda

• Higher Education: Key to Michigan’s prosperity
• Trend in higher education state funding
• Demographic challenges
• Actions by Michigan’s public universities to boost student success, attainment
• Moving forward: Higher education priorities; state-higher education partnership
• Open discussion
• Founded in 1952 as the Michigan Council of State College Presidents
• Name changed in 2015 to better reflect institution-wide collaboration
• MASU Board: 15 presidents and chancellors
  • 13 presidents, 2 chancellors (UM-Dearborn, UM-Flint)
• 18 Standing Committees
  • Most legislatively engaged: State Relations Officers
• Staff of 4 people

**MASU serves as the coordinating board for Michigan’s 15 public universities, providing advocacy and fostering policy to maximize the collective value these institutions provide in serving the public interest and the State of Michigan**
Michigan’s 15 Public Universities

- Oldest: U-M (1817)
- Youngest: SVSU (1963)
- National/International Reputation for Academic and Research Excellence
Michigan’s Higher Education Governance: A Decentralized Model

Public Universities Granted Constitutional Autonomy

Under Michigan’s Constitution, public universities have constitutional autonomy. Article VIII, Section 5 of Michigan’s Constitution of 1963 reads:

*Each board shall have general supervision of its institution and the control and direction of all expenditures from the institution’s fund.*

The result:
One of the most market-responsive, innovative and high-quality set of state public universities in the U.S.

Each University has an 8-Member Governing Board
Statewide-Elected: WSU, MSU and UM (including for Dearborn & Flint campuses)
All Other Universities: Gubernatorially-appointed, 8-year terms
Higher Education: Key to Michigan’s Prosperity
HOT 50: Michigan’s high-demand, high-wage careers

Of the 50 high-demand, high-wage occupations in Michigan through 2026, 36 require a four-year college degree or higher.

Annual HOT 50 job openings requiring a four-year degree: 51,100.
Annual HOT 50 job openings not requiring degree: 30,290.

Source: Michigan Bureau of Labor Market Information and Strategic Initiatives
Michigan needs 175,000 new university grads – and 126,000 new certificate/associate grads

Estimated need by 2020

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Current</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>HS Diploma or less</td>
<td>301,667</td>
<td>35.4%</td>
</tr>
<tr>
<td>Some College, Associate or Certificate</td>
<td>126,521</td>
<td>30.0%</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>171,214</td>
<td>34.5%</td>
</tr>
<tr>
<td>Graduate or Professional</td>
<td>4,000</td>
<td>37.0%</td>
</tr>
</tbody>
</table>

Oversupply

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Oversupply</th>
</tr>
</thead>
<tbody>
<tr>
<td>HS Diploma or less</td>
<td>301,667</td>
</tr>
<tr>
<td>Some College, Associate or Certificate</td>
<td>126,521</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>171,214</td>
</tr>
<tr>
<td>Graduate or Professional</td>
<td>4,000</td>
</tr>
</tbody>
</table>

Undersupply

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Undersupply</th>
</tr>
</thead>
<tbody>
<tr>
<td>HS Diploma or less</td>
<td>35.4%</td>
</tr>
<tr>
<td>Some College, Associate or Certificate</td>
<td>30.0%</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>18.7%</td>
</tr>
<tr>
<td>Graduate or Professional</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

Source: Georgetown Center for Education & the Workforce
Return on Public Investment in a College-Educated Workforce
The Four-Year Degree Wage Premium Continues to Grow

Cumulative percent change in real average hourly wages, by education, 2000–2016

Note: Sample based on all workers age 18–64.

College grads earn more, have greater job security

Unemployment rates and earnings by educational attainment, 2017

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Unemployment rate (%)</th>
<th>Median usual weekly earnings ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctoral degree</td>
<td>1.5</td>
<td>1,743</td>
</tr>
<tr>
<td>Professional degree</td>
<td>1.5</td>
<td>1,836</td>
</tr>
<tr>
<td>Master's degree</td>
<td>2.2</td>
<td>1,401</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>2.5</td>
<td>1,173</td>
</tr>
<tr>
<td>Associate's degree</td>
<td>3.4</td>
<td>836</td>
</tr>
<tr>
<td>Some college, no degree</td>
<td>4.0</td>
<td>774</td>
</tr>
<tr>
<td>High school diploma</td>
<td>4.6</td>
<td>712</td>
</tr>
<tr>
<td>Less than a high school diploma</td>
<td>6.5</td>
<td>520</td>
</tr>
<tr>
<td>Total: 3.6%</td>
<td></td>
<td>All workers: $907</td>
</tr>
</tbody>
</table>

The Same Holds True for States Collectively: The Most Prosperous States have the most College Graduates
A More Accurate Portrait of the Value of College Attainment

When it comes to college attainment, increased earnings and job security are just the tip of the iceberg!

Factoring In:

- **Lifetime Taxes Paid**
  - Federal, social security, state, property, sales

- **Public Assistance**
  - Medicaid, food stamps, school lunches, cash assistance, energy assistance, housing subsidies

- **Social Insurance**
  - Unemployment insurance, supplemental security, disability, workers’ compensation

Study by Philip Trostel, Professor of Economics and Public Policy, Margaret Chase Smith Policy Center and School of Economics, University of Maine. Source: *The Tip of the Iceberg*, Change, the Magazine of Higher Learning, May/June 2017
Net Lifetime Fiscal Impact of College Attainment

Lifetime Taxes Paid, minus Public Assistance and Social Insurance

Present Value of Net Lifetime Fiscal Impact
(At Age 19 using 3% Discount Rate)

$357,990
$381,051
$355,113

In Sum: Increased college attainment generates greater tax revenues and reduces the need for government spending on public assistance and social insurance.

Source:
The Tip of the Iceberg, Change, the Magazine of Higher Learning, May/June 2017
Trends in Higher Education State Funding
Higher Education: The only area of state disinvestment during the past decade

<table>
<thead>
<tr>
<th>Budget Area</th>
<th>FY 2008-09 Year-to-Date Appropriations</th>
<th>FY 2018-19 Initial Appropriations</th>
<th>Dollar Difference</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Human Services</td>
<td>$5,445.1</td>
<td>$6,958.9</td>
<td>$1,513.8</td>
<td>27.8%</td>
</tr>
<tr>
<td>Corrections</td>
<td>1,832.5</td>
<td>2,002.8</td>
<td>170.3</td>
<td>9.3%</td>
</tr>
<tr>
<td>K-12 School Aid</td>
<td>11,097.8</td>
<td>13,040.7</td>
<td>1,942.9</td>
<td>17.5%</td>
</tr>
<tr>
<td>Community Colleges</td>
<td>299.4</td>
<td>408.2</td>
<td>108.9</td>
<td>36.4%</td>
</tr>
<tr>
<td><strong>Higher Education</strong></td>
<td><strong>1,576.2</strong></td>
<td><strong>1,546.2</strong></td>
<td><strong>(30.0)</strong></td>
<td><strong>(1.9%)</strong></td>
</tr>
<tr>
<td>Revenue Sharing- Constitutional</td>
<td>649.1</td>
<td>835.3</td>
<td>186.2</td>
<td>28.7%</td>
</tr>
<tr>
<td>Revenue Sharing-Statutory</td>
<td>391.0</td>
<td>479.1</td>
<td>88.1</td>
<td>22.5%</td>
</tr>
<tr>
<td>All Other Programs</td>
<td>5,018.8</td>
<td>7,786.9</td>
<td>2,768.1</td>
<td>55.2%</td>
</tr>
<tr>
<td><strong>Total State Spending</strong></td>
<td><strong>$26,309.9</strong></td>
<td><strong>$33,058.2</strong></td>
<td><strong>$6,748.3</strong></td>
<td><strong>25.6%</strong></td>
</tr>
</tbody>
</table>

**Addendum:**

<table>
<thead>
<tr>
<th></th>
<th>FY 2008-09</th>
<th>FY 2018-19</th>
<th>Dollar Difference</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid Caseload</td>
<td>1,708,157</td>
<td>2,490,000</td>
<td>781,843</td>
<td>45.8%</td>
</tr>
<tr>
<td>Prison Population</td>
<td>48,010</td>
<td>38,815</td>
<td>(9,195)</td>
<td>(19.2%)</td>
</tr>
<tr>
<td>K-12 Pupil Count</td>
<td>1,619,744</td>
<td>1,480,000</td>
<td>(139,744)</td>
<td>(8.6%)</td>
</tr>
<tr>
<td><strong>University Students</strong></td>
<td>257,148</td>
<td>259,711</td>
<td>2,563</td>
<td>1.0%</td>
</tr>
<tr>
<td>Community College Students</td>
<td>157,225</td>
<td>124,868</td>
<td>(32,357)</td>
<td>(20.6%)</td>
</tr>
<tr>
<td>Michigan Personal Income (millions)</td>
<td>$339,681.2</td>
<td>$487,577.0</td>
<td>$147,895.8</td>
<td>43.5%</td>
</tr>
<tr>
<td>Detroit Consumer Price Index</td>
<td>202.8</td>
<td>235.4</td>
<td>32.6</td>
<td>16.1%</td>
</tr>
</tbody>
</table>

Source: Senate Fiscal Agency, State Budget Overview, October 1, 2018
State Investment in Higher Education  
--The Longer View--

• Michigan’s rank in per capita state fiscal support for higher ed
  2001: 20th  Today: 43rd
• One-half the national average in per-capita support
• State appropriations since 2011: $165 million reduction
  (inflation-adjusted)

---

State University Operating Support
(inflation-adjusted)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2.3 Billion</td>
<td>$1.4 Billion</td>
</tr>
<tr>
<td></td>
<td>$9,511 per full-time student</td>
<td>$5,546 per full-time student</td>
</tr>
</tbody>
</table>

....a 42% decrease in state funding per-student
The State-to-Student Cost Shift in Paying for a Michigan Public University Education

**UNIVERSITY GENERAL FUND REVENUES**

**FY 1979**
- State appropriations: 30%
- Tuition and fees: 70%

**FY 2017**
- State appropriations: 23%
- Tuition and fees: 77%
State Financial Aid

- MI: Ranks 38th in state financial aid per student, $266
- 9th among 12 Midwestern states
- 2002: $262 million state investment; today 63% less

State Grant Aid per Undergraduate Student by State, 2015-16
Michigan’s Demographic Challenges
Michigan: A Graying State

• MI: The #3 state – in forecasted decline in high school graduates
• Need to boost college enrollment among traditionally underrepresented groups
  • Low-income, first generation, minorities
• Need to close achievement gaps

The Michigan Forecast:
By 2031, 15,833 fewer high school graduates annually compared to today

2032: gradual turnaround begins

Source: Western Interstate Commission for Higher Education
https://knocking.wiche.edu/state-profiles/
Confronting the Challenges

Actions being taken by Michigan’s Public Universities
Meeting the Challenges: Boosting Student Success

• Marketing to increase college participation
• Increasing student retention, degree completion
• Increasing affordability for low-income students
  • Institutional financial aid
    2002: $322 million    Today: $926 million
• Reaching out to working adults, non-degree completers
• Recruiting out-of-state, international students

The Goal: Increase educational attainment of Michigan’s population – despite stark demographic challenges
Meeting the Challenges: Efficiencies and Innovation

• Creating new, market-responsive programs; eliminating under-enrolled programs
• Implementing operating efficiencies, cost-savings
• Partnering with all stakeholders, especially community colleges. In 2017-2018:
  • 764 articulation/transfer agreements in place
  • 9,720 students enrolled in 4-year programs on community college campuses
  • 2,523 bachelors degrees conferred
  • New Michigan Transfer Network website and statewide transfer pathways coming
Statewide Enrollment Marketing Campaign
Poll Results Overview

How Parents View Higher Education

When it comes to your oldest child, what is the highest level of education do you think they will achieve?

- 47.9% A four-year college degree
- 27.2% A masters’ degree
- 8.3% A doctorate
- 5.9% An associates’ degree
- 2.4% A skilled trades certificate
- 4.1% High school diploma
- 1.2% Will not graduate from high school

83.4%
Poll Results Overview

All respondents: What do you think is the biggest barrier to someone getting a college degree?

- 70.0%: Cost
- 5.5%: Future debts/loans
A DEGREE CAN MAKE THE DIFFERENCE BETWEEN GETTING BY AND GOING BEYOND.

Make the Difference

Aspirational, not financial driven

Points out potential of savings (40% avg. cost discount)

Drive to website GetMiDegree.org
• More info on college going
• Admission/Application pages
• FAFSA (access to scholarships/financial aid)
MASU Marketing Campaign Analytics: 9/10-2018 – 1/31/2018

• Digital Impressions: 26,208,979
• Radio & Cable Impressions: 3,360,000
• Video Completions: 2,219,191
• Website Views: 116,391

GetMIIDegree.org
Moving Forward: A State—Higher Education Partnership
New Administration. New Legislators. New Opportunities!

Goal: Enhance understanding of vital importance of higher education to state prosperity - And the role state investment plays in college affordability and boosting educational attainment

More State Investment = Greater College Affordability

It’s a matter of economic, civic and social prosperity for Michigan
State University Priorities

Legislative Priorities—Increased State Support
1) Institutional operating dollars
   • Monitor status of School Aid Fund support for higher education
2) State financial aid
3) Sustained capital outlay investments

The result?
Increased college affordability, academic quality, and student success!
State University Priorities

• Proposal: Major state reinvestment in the *Michigan Competitive Scholarship*
  • Available to *all* students
  • New eligibility criteria to increase eligibility—while maintaining accountability
  • $50M annually for 8 years – MI top 10 state

Also to consider: Gov. Whitmer proposal – MI Opportunity Scholarship
Michigan’s Future is in College