MICHIGAN ASSOCIATION OF STATE UNIVERSITIES
MASU.ORG • 101 S. WASHINGTON SQUARE, STE 600
517.482.1563 • LANSING, MI 48933

# College Affordability

## Sufficient and Sustained State Funding Remains the Central Policy Priority of Michigan's Public Universities

The top policy priority of Michigan's 15 public universities is for the state to provide sufficient, consistent, and sustained funding for institutional operations in order to mitigate tuition price escalation and keep college affordable for all students, especially those from low- and middle-income backgrounds. While all stakeholders play a role in financing a public college education—the federal government, states, institutions, and students and their families—the primary driver of higher tuition prices over the last several decades has been the state-to-student cost shift that has occurred as a result of state disinvestment in public higher education. Modest increases in state operating support for Michigan's 15 public universities since 2013 have helped alleviate increases in tuition prices. However, the state's public universities received $193.5 million less from the state in 2020 than they did at the start of the prior administration in 2011, adjusting for inflation. State fiscal support for all postsecondary education in Michigan on a per-capita basis is only two-thirds of the national average.[i]

When looking at the longer-term trend in state funding in Michigan, the stark impact on disinvestment is much more evident: a more than *one billion dollar reduction* in inflation-adjusted state higher education and student financial aid funding has occurred since 2002. In 1979, state funding accounted for 70 percent of Michigan public university operating revenues, with tuition dollars comprising 30 percent. Today, the fiscal burden has shifted dramatically to students and families, who now provide a full 78 percent of institutional operating dollars. Only 22 percent of university operating revenues came from the state in 2020.[ii] Michigan is the second lowest state in the region for state higher education operating support per postsecondary student, and ranks a dismal 41st in the nation for state higher education spending as a share of the state budget.[iii]

This year, the COVID-19 pandemic overshadows every aspect of state funding. Our survey of Chief Business Officers reveals that the universities expect between $1.07B and $1.27B in pandemic-related costs and revenue losses for FY2021. Staff have been laid off, salaries and benefits have been cut, auxiliary units (housing, dining, conference services, etc.) scaled back or shuttered, and refunds paid out to students. Stocks of supplies and protective equipment were redirected from research labs and turned over to healthcare workers. Extensive COVID-19 testing has been provided to students, faculty and staff. Outlays have been made for classroom retrofitting to ensure adequate social distancing. Enrollment is uncertain due to student concerns about missing the "college experience" and a greatly reduced ability for institutions to obtain student contact information for recruiting purposes due to a huge reduction in the number of students who completed standardized tests. In sum, this is unquestionably the toughest environment for higher education, whether in Michigan or nationally, in half a century. State support is more vital now than ever before to maintain the public universities' ability to provide high quality education at an affordable price and *in a safe manner*."

Policy Actions:

- Increase state operating support for Michigan's public universities to maintain college access and affordability.
- Promote a state higher education funding model that provides sufficient, predictable and sustained public university operating support.

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[i] Source: Illinois State University Grapevine. Table 4: State Fiscal Support for Higher Education per $1,000 of Personal Income and Per Capita, FY20.
[ii] Source: Data from Michigan Higher Education Institutional Data Inventory (HEIDI) and House Fiscal Agency.
[iii] Source: The Century Foundation, Michigan's College Affordability in a Regional Context. (2019)