

# **House Appropriations Subcommittee on Higher Education and Community Colleges**

## **February 18, 2021**



**Dan Hurley**  
**Chief Executive Officer**



**Bob Murphy**  
**Chief Policy Officer**

# Discussion Agenda

- Introduction to the state universities
- Higher education: Key to Michigan's prosperity
- Trends in higher education state funding
- The impact of the COVID-19 pandemic
- Meeting Michigan's education attainment goal
- Commentary on FY 2022 Executive Budget
- Moving forward: Higher education priorities; state-higher education partnership





- **Founded in 1952 as the Michigan Council of State College Presidents**
- **Name changed in 2015 to better reflect institutional/sector-wide collaboration**
- **MASU Board: All university presidents (13) & chancellors (2)**
- **18 committees**
  - **Most legislatively engaged: State Relations Officers**
- **Staff of 3 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
- Public-purpose missions serving the public interest



# Regional Social Mobility Engines: Changing Lives, Changing Families, Changing Communities



"Students of Michigan" testimonials: [getmidegree.org](http://getmidegree.org)

# Michigan's Higher Education Governance: A Decentralized Model

## Public Universities Possess 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.*

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

## THE RESULT:

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

# **Higher Education: Key to Michigan's Prosperity**



# HOT 50: Michigan's high-demand, high-wage careers

Of the 50 high-demand, “high-wage” (above \$38.5K) occupations in Michigan through 2028, 38 require a bachelor’s college degree or higher.

Annual HOT 50 job openings requiring a four-year+ degree: 51,960.

Annual HOT 50 job openings not requiring a four-year degree: 26,300.

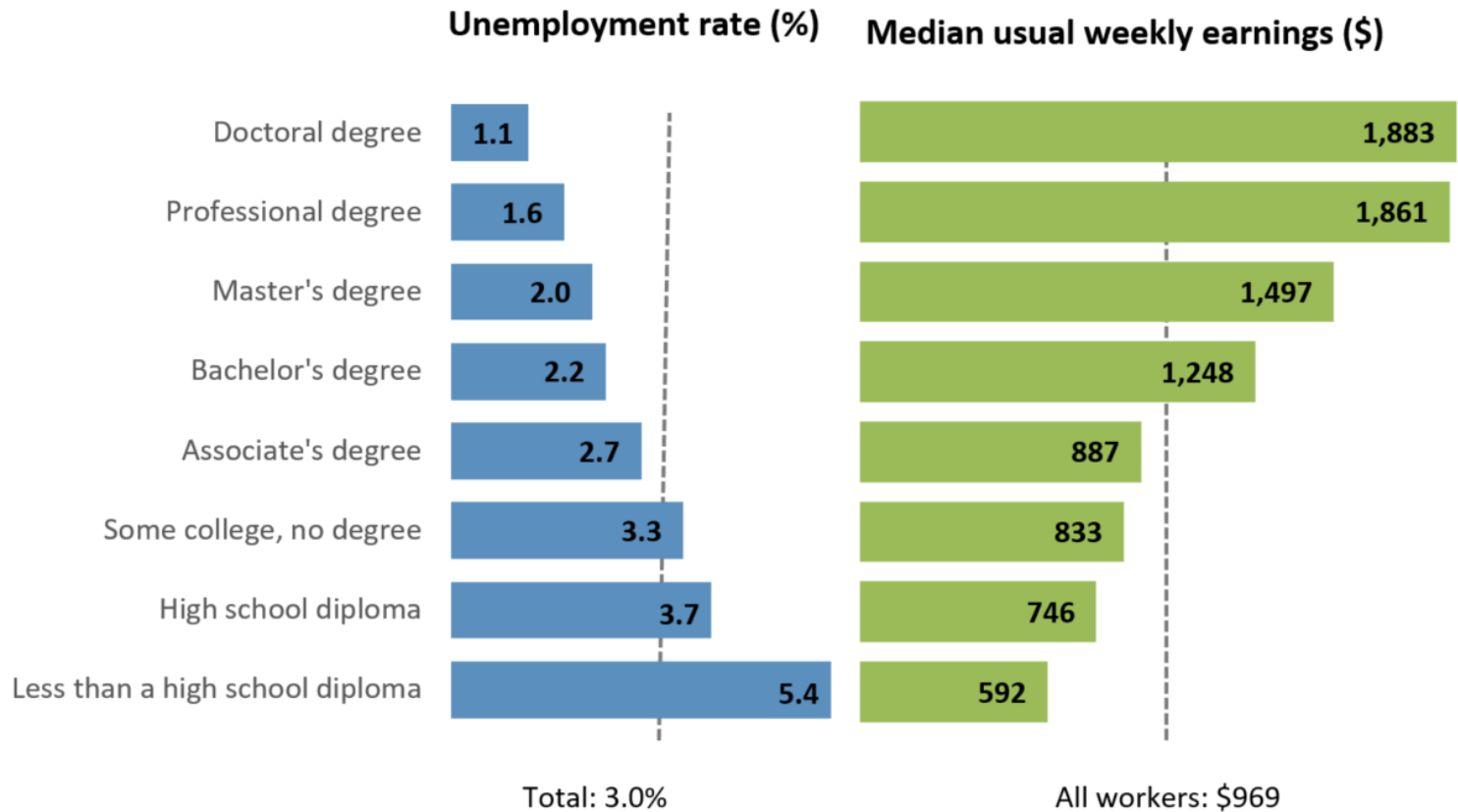
Source: [Michigan Bureau of Labor Market Information and Strategic Initiatives](#)





# College grads earn **more**, have greater job **security**

## Unemployment rates and earnings by educational attainment, 2019

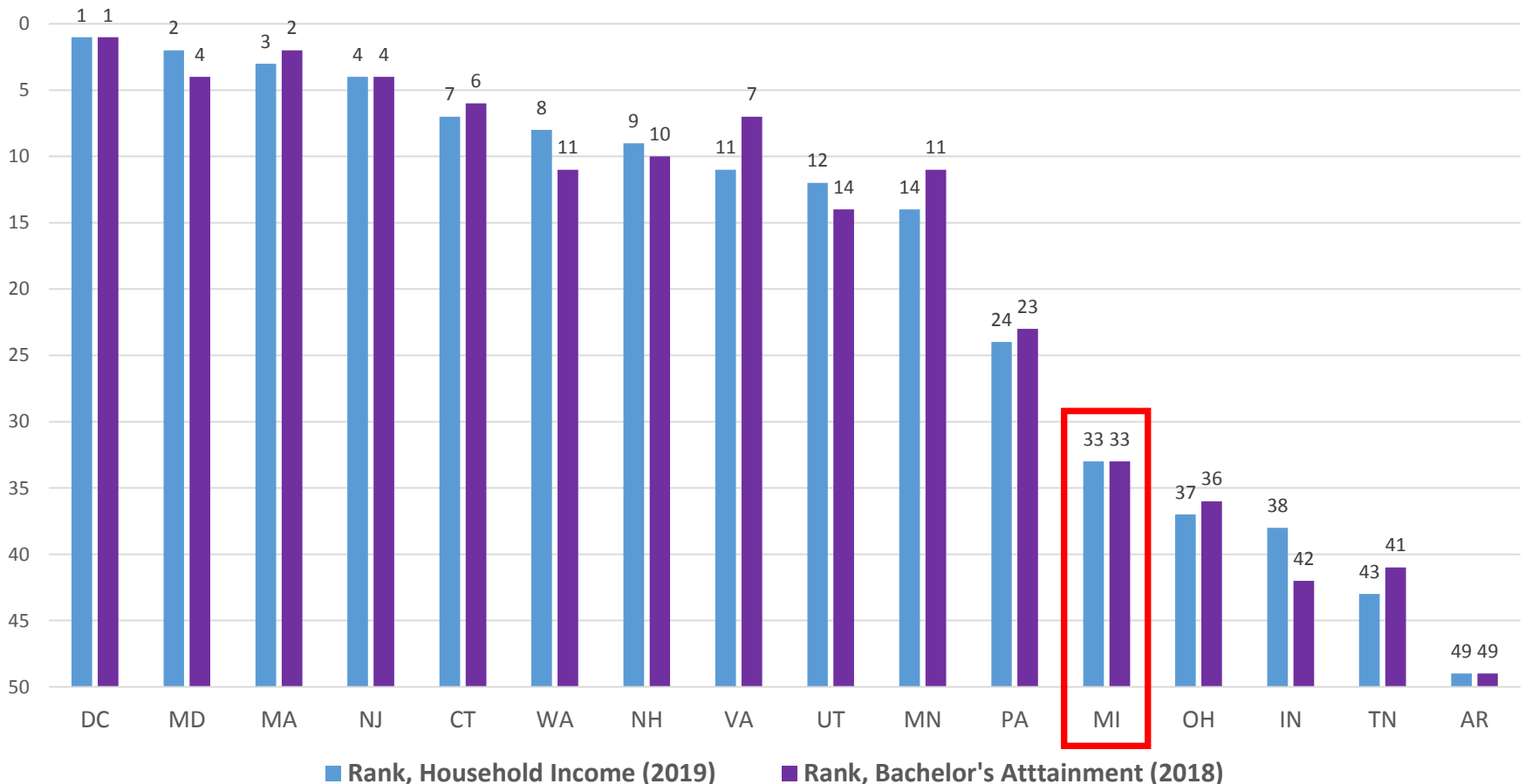


Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: U.S. Bureau of Labor Statistics, Current Population Survey.

# **Return on Public Investment in a College-Educated Workforce**

# The Same Holds True for States Collectively: The Most Prosperous States have the most College Graduates



# College Attainment Saves Tax Dollars



*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**

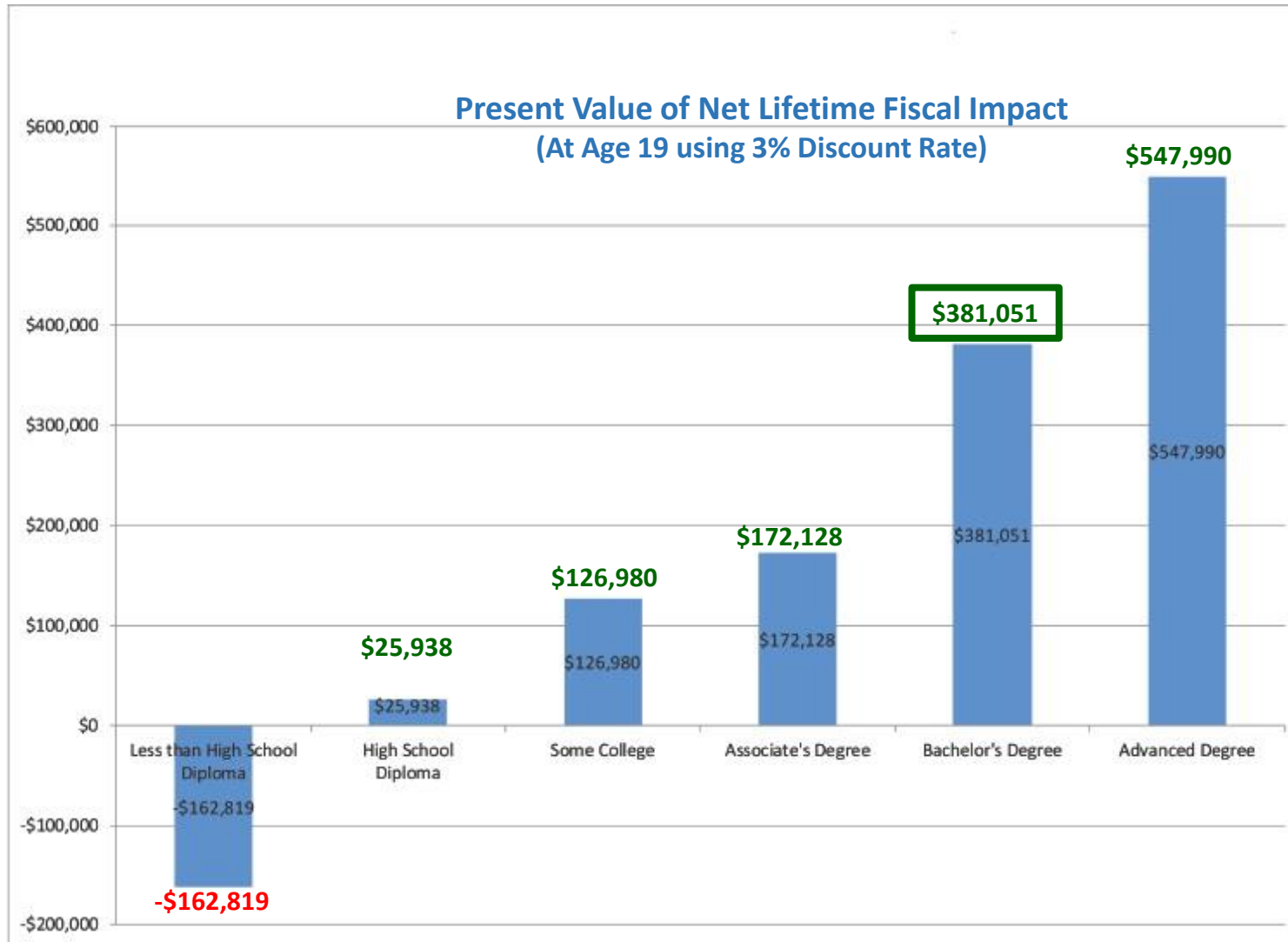
- Medicaid, food stamps, school lunches, cash assistance, energy assistance, housing subsidies

- **Social Insurance**

- Unemployment insurance, supplemental security, disability, workers' compensation

# Net Lifetime Fiscal Impact of College Attainment

Lifetime Taxes Paid, minus Public Assistance and Social Insurance



College Degree vs. High School Diploma:

**\$355,113** more in net lifetime fiscal impact

Source:  
*The Tip of the Iceberg, Change*, the Magazine of Higher Learning  
May/June 2017

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

# Trends in Higher Education State Funding

# Higher Education: The only area of state disinvestment during the past decade

STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS TOTAL COMPARED IN SELECTED BUDGET AREAS (millions of dollars)				
Budget Area	FY 2008-09 Year-to-Date Appropriations	FY 2018-19 Initial Appropriations	Dollar Difference	Percent Change
Health and Human Services	\$5,445.1	\$6,958.9	\$1,513.8	27.8%
Corrections	1,832.5	2,002.8	170.3	9.3%
K-12 School Aid	11,097.8	13,040.7	1,942.9	17.5%
Community Colleges	299.4	408.2	108.9	36.4%
Higher Education	1,576.2	1,546.2	(30.0)	(1.9%)
Revenue Sharing-Constitutional	649.1	835.3	186.2	28.7%
Revenue Sharing-Statutory	391.0	479.1	88.1	22.5%
All Other Programs	5,018.8	7,786.9	2,768.1	55.2%
<b>Total State Spending</b>	<b>\$26,309.9</b>	<b>\$33,058.2</b>	<b>\$6,748.3</b>	<b>25.6%</b>
<b>Addendum:</b>				
Medicaid Caseload	1,708,157	2,490,000	781,843	45.8%
Prison Population	48,010	38,815	(9,195)	(19.2%)
K-12 Pupil Count	1,619,744	1,480,000	(139,744)	(8.6%)
University Students	257,148	259,711	2,563	1.0%
Community College Students	157,225	124,868	(32,357)	(20.6%)
Michigan Personal Income (millions)	\$339,681.2	\$487,577.0	\$147,895.8	43.5%
Detroit Consumer Price Index	202.8	235.4	32.6	16.1%



# State Investment in Higher Education

## --*The Longer View*--

- Michigan's rank in per capita state fiscal support for higher ed  
2001: 20<sup>th</sup> Today: 44<sup>th</sup>
- Only 67% of the national average in per-capita support
- State appropriations since 2011: \$193.5 million *reduction* (inflation-adjusted)

### State University Operating Support (inflation-adjusted)

2002

\$2.35 Billion

\$9,760 per full-time student

2021

\$1.47 Billion

\$5,768 per full-time student

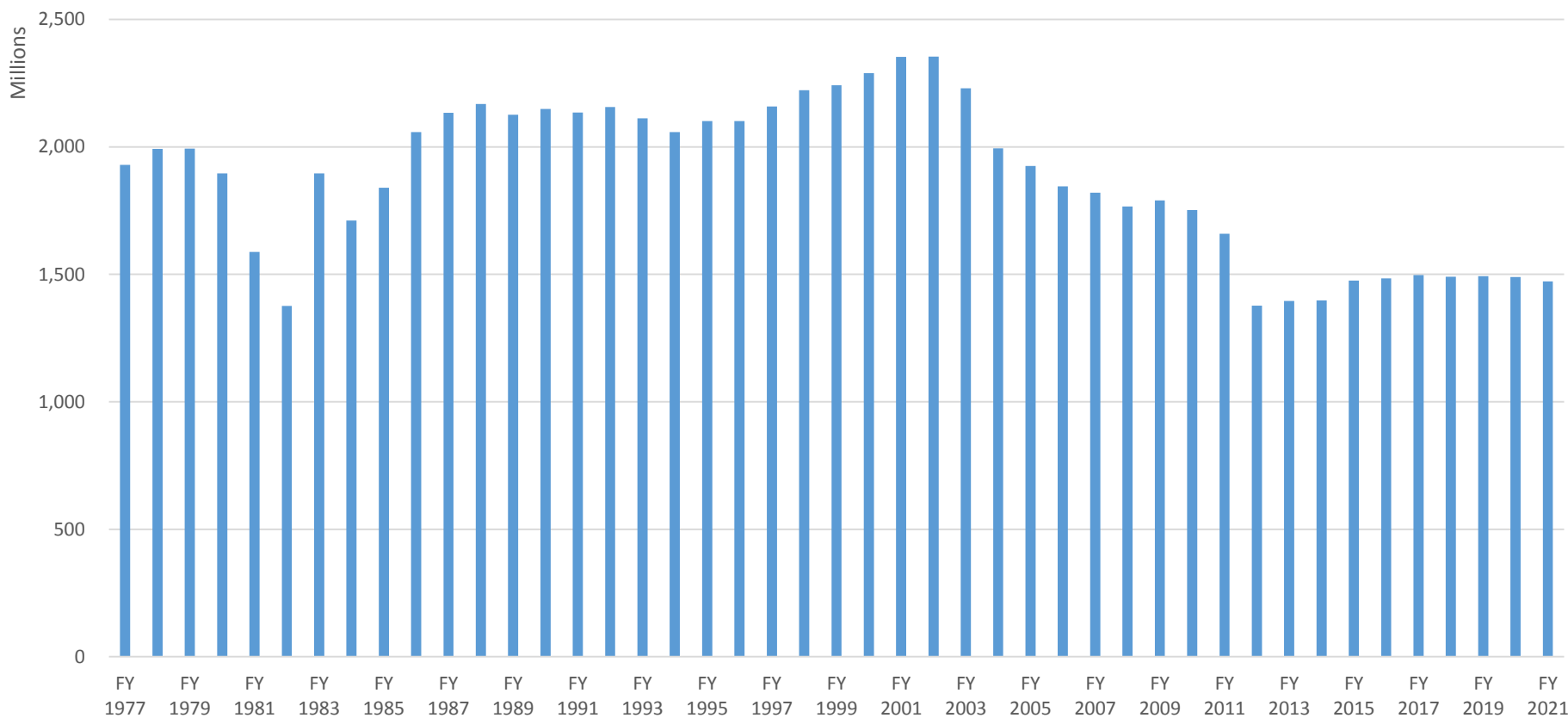
....a 41% decrease in state funding per-student

# State Investment in Higher Education

## *--The Longer View--*

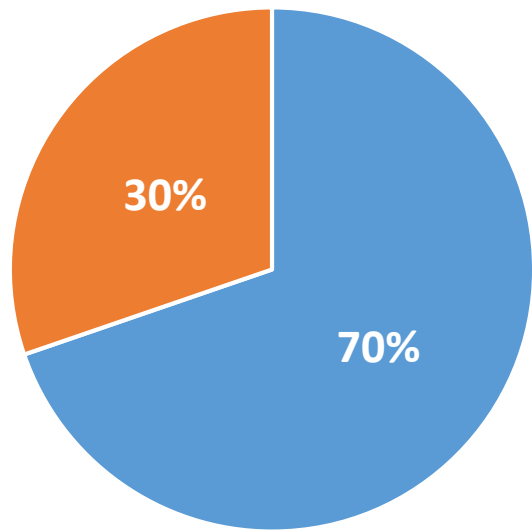
### Michigan Public University Operations Appropriations

Adjusted to FY2021 dollars, CPI-U



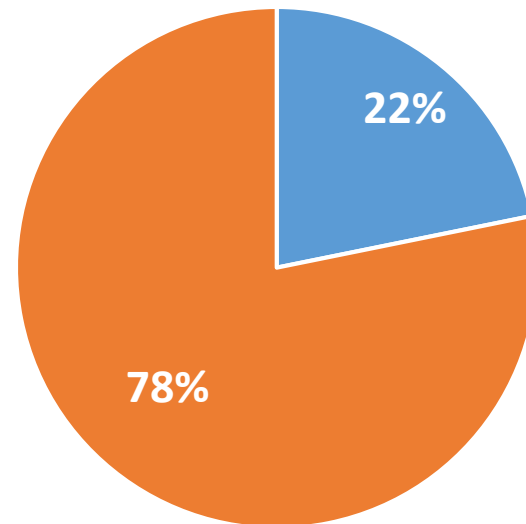
# The State-to-Student Cost Shift in Paying for a Michigan Public University Education

University GF Revenues - FY1979



■ Appropriations ■ Tuition & Fees

University GF Revenues - FY2020

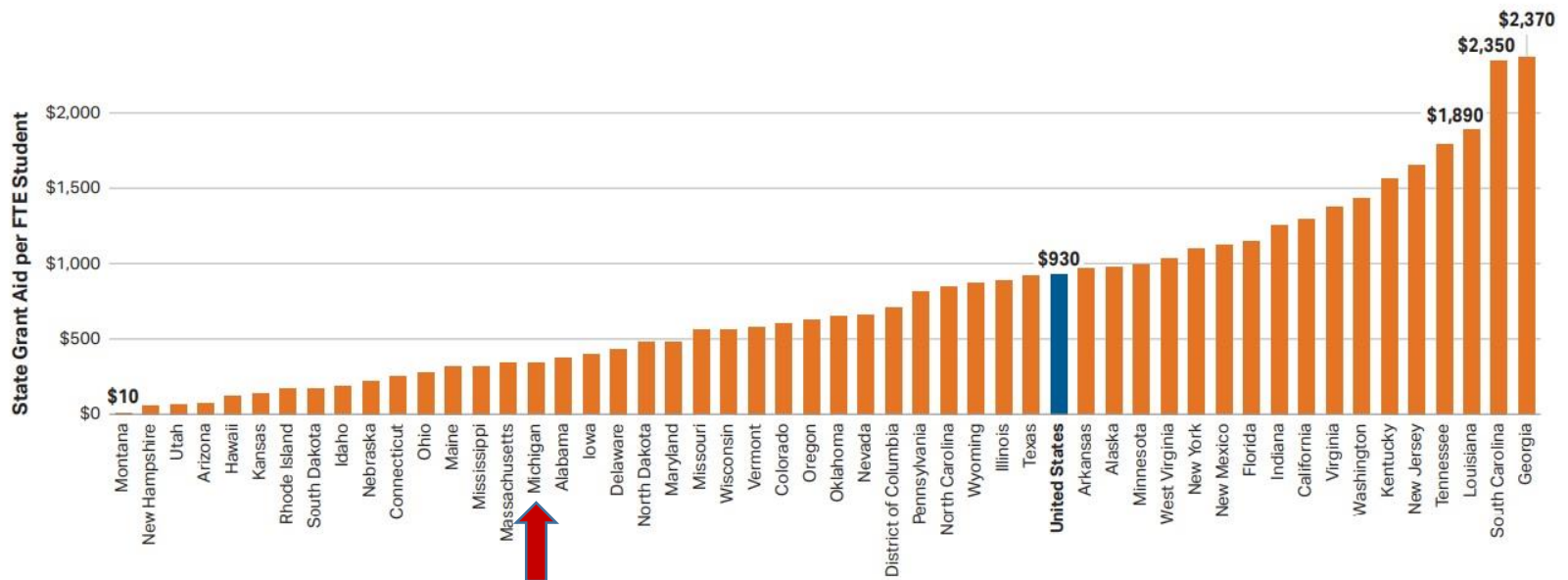


■ Appropriations ■ Tuition & Fees

# State Financial Aid

- MI: Ranks 35<sup>th</sup> in state financial aid per student, \$342
- 2002: \$262 million state investment; today 62% less for four-year students.
- Recent investments went only to community colleges

## State Grant Aid per Undergraduate Student by State, 2018-19



# **Impact of the COVID-19 Pandemic**

# **Harnessing State University Assets**

- **Rapid shift to online instructional delivery**
- **Virtual delivery of student services**
- **COVID-19 testing / testing laboratories**
- **COVID-19 treatment research**
- **Personal protective equipment**
- **Use of facilities for housing of frontline workers and for healthcare/medical use**
- **Local/regional partnerships to mitigate impact of disease**

# Massive Cost Impact

- **\$183 Billion** – est. cost impact for American colleges & universities
- **\$1+ Billion** – early cost impact on MI state universities
- **Cost Increases:** Education technology; screening, testing & compliance systems; PPE; retrofitting; intensive cleaning
- **Revenue Losses:** Tuition (enrollment/esp. international), housing, dining, other auxiliaries (parking, bookstores, etc.), entertainment venues, athletics, summer/youth camps

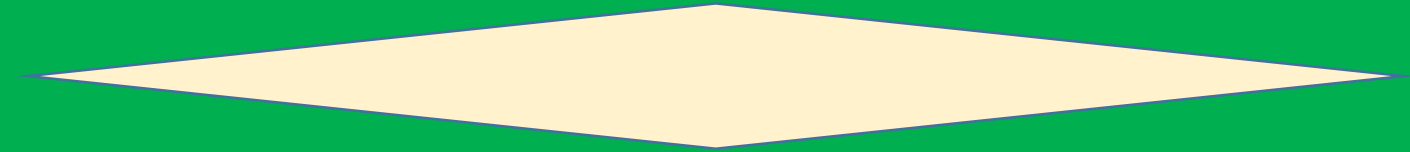


# University Cost-Cutting

- Lay-offs
- Pay reductions
- Hiring freezes
- Operational budget reductions
- Delayed capital projects



# **Confronting the Challenges**



**Meeting Michigan's  
Educational  
Attainment Goal**

# Meeting the Challenges: Boosting Student Success

- Direct outreach to high schools and students
- Reaching out to working adults, non-degree completers
- Investing in advising and tutoring for student retention, degree completion
- Affordability for low/middle-income students

## **Institutional financial aid**

**2002: \$339 million**

**Today: \$1.1 billion**

**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 2018-19:**
  - **1,058 articulation/transfer agreements in place**
  - **11,675 students enrolled in 4-year programs on community college campuses or transferred to a 4-year institution**
  - **3,667 bachelor's degrees conferred via transfer**
  - **10 statewide high-enrollment articulation agreements across all institutions in state**
  - **New comprehensive transfer website ([www.mitransfer.org](http://www.mitransfer.org))**

# **Comments on the FY 2022 Executive Budget Recommendation**

# **FY 2022 Executive Budget Recommendation—Higher Ed**

- **Appreciation for 2% increase in operating support**
  - Concerns about one-time allocation for ongoing operations
  - 4% FY 21 Supplemental/Maintenance of Effort requirement
- **Opposition to state tuition price controls**
- **Across the board adjustments vs. formula funding**
- **Boilerplate reporting – appreciate elimination of some reports**
  - Looking forward to working with the committee on any future reports



# **Moving Forward: A State—Higher Education Partnership**



# The Goal



To 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

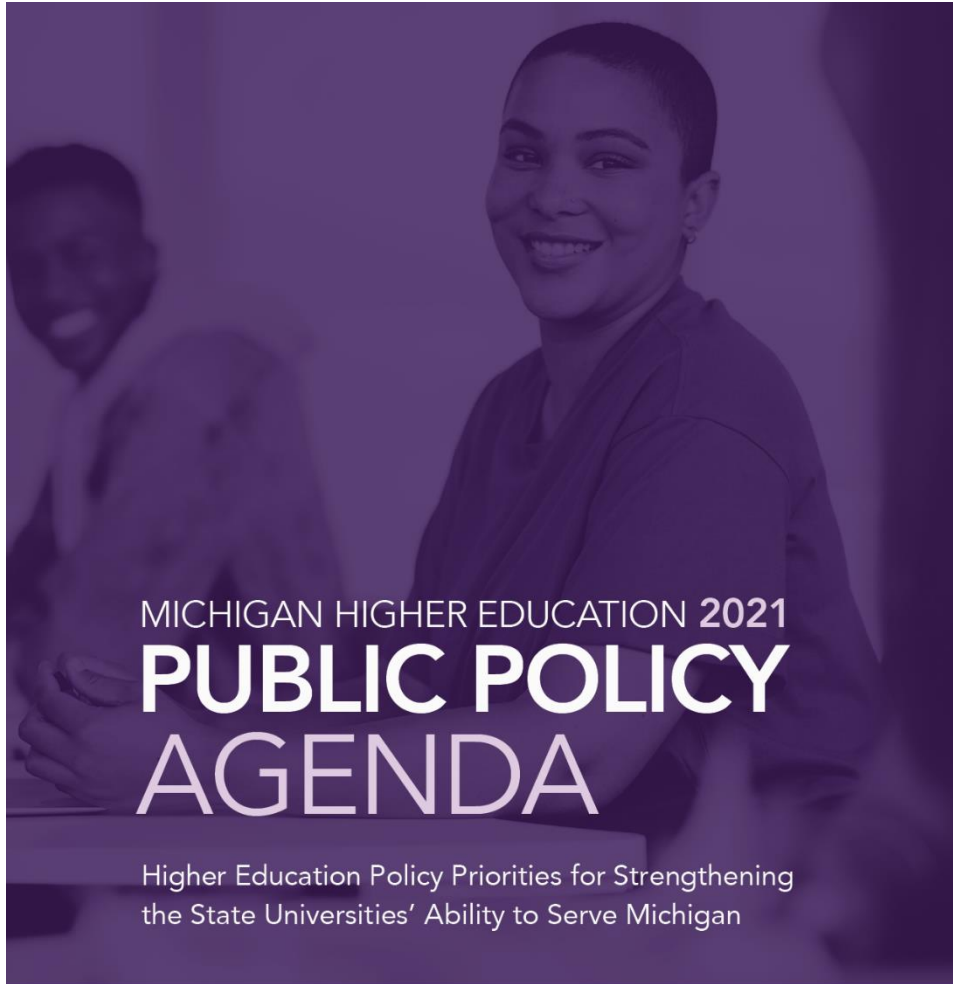
## Legislative Priorities—Increased State Support

- 1) Institutional operating dollars
- 2) State financial aid
- 3) Sustained capital outlay investments

The result?

Increased *college affordability*,  
*academic quality*, and *student success*!





**Available in print and  
at [masu.org](https://masu.org)**



# Michigan's Future is in College



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mtu.edu



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