### 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/sectorwide 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**

#### Get MI Degree

GetMI January 30 at 11:48 AM · 🕄

"I graduated with nine students from my high school class and transitioning to a university was scary at first. After arriving, I realized it was better than I could have imagined. I feel comfortable with my professors, and the small class sizes have enhanced my experience. Getting involved on campus has helped with the challenge of being away from home.

I lived on campus my first two years. That's kind of what pushed me to get involved with student organizations and leadersh... See More





#### Get MI Degree

February 12 at 11:52 AM · 🕄

"Wayne State University has always been close to home so it was a really easy decision to come here. The student body here is extremely diverse in a way that I would not have been able to imagine as a student in high school. Having people who come from various backgrounds and who are pursuing various career paths has really allowed me to cultivate an open mind to the fields of study that I could pursue at Wayne State University and beyond. The wealth of knowledge is also beyo ... See More



#### getmidegree • Following

getmidegree "I chose Oakland University because I knew when I got here I wouldn't just fall into the crowd. I could set myself apart and create my own opportunities.

It was always a given that I would go to college, but there were times when I wanted to pursue other things - especially being a dance major. Getting a degree isn't every dancer's first choice, most usually travel to ew York or Los Angeles or start working as soon as they graduate high school. For me, everything lined up perfectly where I could come to Oakland and get an education to erfect my craft. That way when I do move to a big city, I will have so much experience and knowledge to take off and hit the around running.

I'm a first-generation college student, and I QÛ Liked by emilymata\_ and 18 others Add a comment

#### "Students of Michigan" testimonials: getmidegree.org

Get MI Degree Published by Sprout Social [?] - January 4 - 🔇

"The program that I work for now, the Education Opportunity Initiative, is a program that starts in 7th to 12th grade. You have to meet requirements to be a part of the program, and it's exactly how I got my scholarship. Having gone through that program, I had a lot of mentors who pushed me to go to college, pushed me to get through high school, pushed me to do all of these extracurricular activities so I could set myself up for a successful future. So, I definitely want to s... See More



Get MI Degree @GetMIDegree · Jan 28

...

"I'm a first-generation college student, but I've always known I needed to go to college. After graduation, I'm hoping to do rural medicine and stay in my hometown area to give back to the communities I was raised in." #StudentsofMI **@SVSU** 

#### Emily's story: bit.ly/2S6n2s8



17.5 0 19 ...

### 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



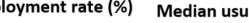
## College grads earn more, have greater job security

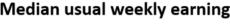
#### Unemployment rates and earnings by educational attainment, 2019

Unemployment rate (%)

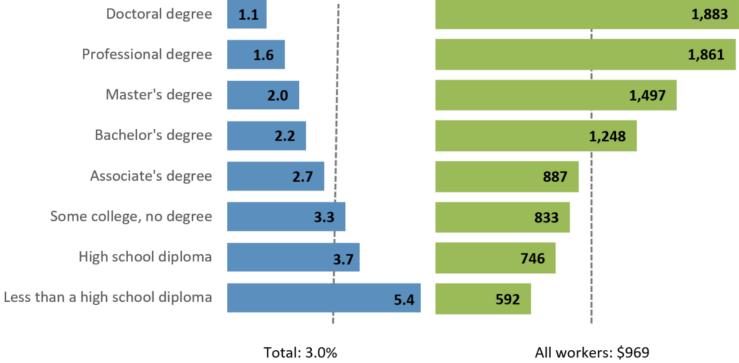












Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

# **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!

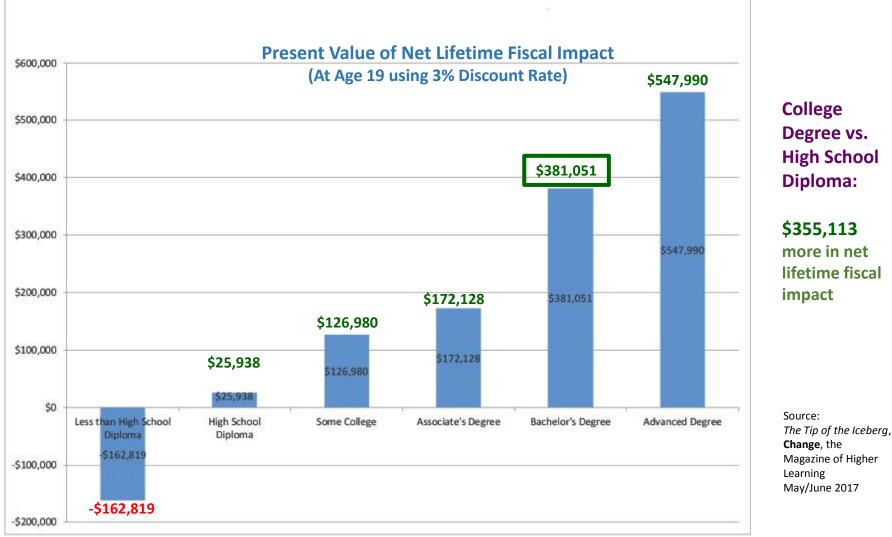
#### **Factoring In:**

- 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

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



In Sum: Increased college attainment generates greater tax revenues and <u>reduces</u> 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)					
	FY 2008-09	FY 2018-19			
	Year-to-Date	Initial	Dollar	Percent	
Budget Area	Appropriations	Appropriations	Difference	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%	
<u>Community Colleg</u> es	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%	
Total State Spending	\$26,309.9	\$33,058.2	\$6,748.3	25.6%	
Addendum:			. ,		
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%	

Source: Senate Fiscal Agency, State Budget Overview, October 1, 2018

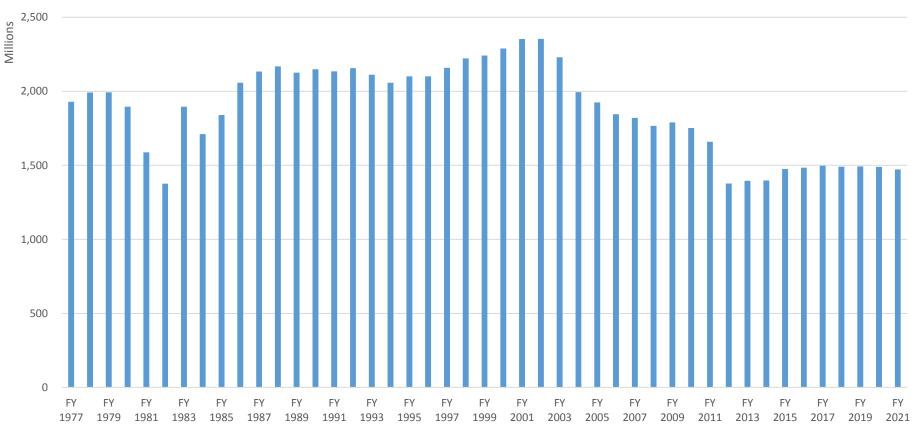
## State Investment in Higher Education --The Longer View--

- Michigan's rank in per capita state fiscal support for higher ed 2001: 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)			
<u>2002</u>	<u>2021</u>		
\$2.35 Billion	\$1.47 Billion		
\$9,760 per full-time student	\$5,768 per full-time student		
a 41% decrease in state funding per-student			

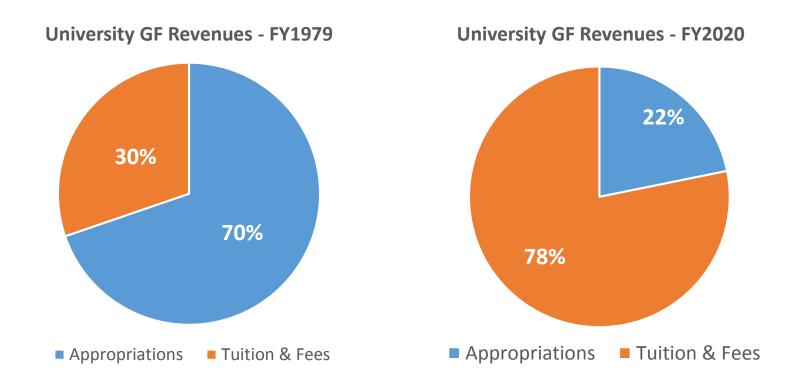
## State Investment in Higher Education --The Longer View--

#### **Michigan Public University Operations Appropriations**



Adjusted to FY2021 dollars, CPI-U

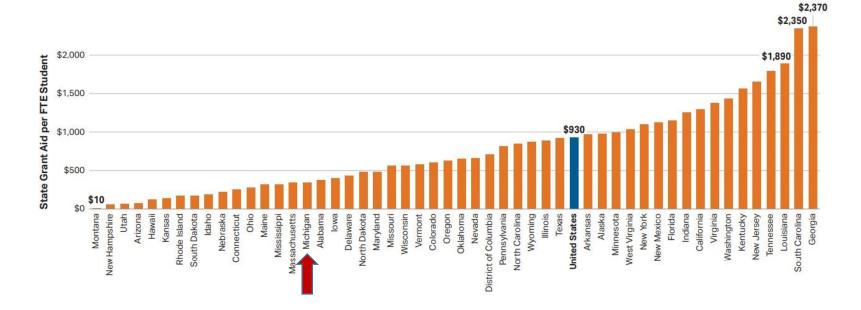
### The State-to-Student Cost Shift in Paying for a Michigan Public University Education



## **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 (<u>www.mitransfer.org</u>)

# **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*!





#### MICHIGAN HIGHER EDUCATION 2021 PUBLIC POLICY AGENDA

Higher Education Policy Priorities for Strengthening the State Universities' Ability to Serve Michigan



## Available in print and at masu.org

## Michigan's Future is in College

