

## 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 operational support for its public universities. 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 still received \$380 million less from the state in FY 2023 than they did at the start of the prior administration in 2011, adjusting for inflation.

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 2022.<sup>1</sup> Michigan admirably funds its community colleges at \$10,348 per fiscal year equated student (FYES), or 111% of the national average. But the state only funds its public universities at an average of \$5,993 per FYES, which is only two-thirds of the national average.

Since 2020, the universities have worked ardently in responding to and recovering from the COVID-19 pandemic and they continue to contend with major fiscal challenges associated with inflation and the demand for workers. Expenditures and revenue losses at Michigan's public universities during the worst of the pandemic were about \$750 million, even after accounting for federal rescue aid. State support continues to be vital so that the state's public universities can continue to provide quality education at an affordable price to meet Michigan's workforce development, research and technology transfer, and civic outreach needs.

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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<sup>i</sup> Source: Data from Michigan Higher Education Institutional Data Inventory (HEIDI) and House Fiscal Agency.