

# Comments on the FY 2025 Executive Budget Recommendation for Higher Education

## Senate Appropriations Subcommittee on Universities and Community Colleges



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# Michigan's 15 Public Universities

- Global Reputation for Academic & Research Excellence
- Degrees produced in 2021-2022 Academic Year: 68,677
- Fall 2023 student headcount: 257,760
- Top 10 state in R&D Spending in FY 2022: \$2.98 Billion
- Of the 50 high-demand, high-wage occupations through 2030, 37 minimally require a four-year degree



# Michigan's Educational Attainment Goal

60% of residents to have a postsecondary credential, including a college degree or industrial certification by 2030.

- Michigan's 2021 educational attainment rate: 50.5% ([Lumina](#))
- National average: 53.7%
- Michigan's rank nationally: 37<sup>th</sup>
- Michigan's rank in per-capita income: 35<sup>th</sup>
- 2014 to 2022: MI: 4.7% increase in production of bachelor's degree or higher

## Michigan: Making Progress—But Falling Behind

Between 2019 and 2021, Michigan increased attainment by 1.4%  
*-- but dropped 5 spots in national ranking*



# Public Universities' State Funding Priorities

## Increased State Support

- 1) Institutional operating dollars
- 2) State financial aid (Michigan Achievement Scholarship)
- 3) Sustained capital outlay investments
  - Related: Deferred maintenance monies for campus upgrades (ITEMS payments)

## *The result?*

Increased college affordability, college enrollment, academic quality, student success, stronger workforce, higher personal incomes

# State Funding of Public Universities

## *-- Recent Reinvestment --*

- FY 2024 higher education budget: The best in years.
- 5% operations increase
- Floor funding (institutional funding equity)
- \$79M ITEMS funding (Infrastructure, Technology, Equipment, Maintenance, Safety) First ITEMS \$ in 20+ years!
- MPSEERS debt relief for seven universities
- \$50M in statutory intended deposit in Postsecondary Scholarship Fund (Michigan Achievement Scholarship)
- Major streamlining of institutional reporting requirements

***Let's keep the reinvestment momentum going!***

# MASU's Request

**Operating Support: +5.2%**

**Continuation of ITEMS Funding**

**Capital Outlay Projects**

**Michigan Achievement  
Scholarship Build-out**

# FY 2025 Executive Recommendation

**+2.5%**

**Not Included**

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**Included**

*Below original Statutory Intent of \$50M  
based on updated cost estimate*

# State Investment in Public Universities

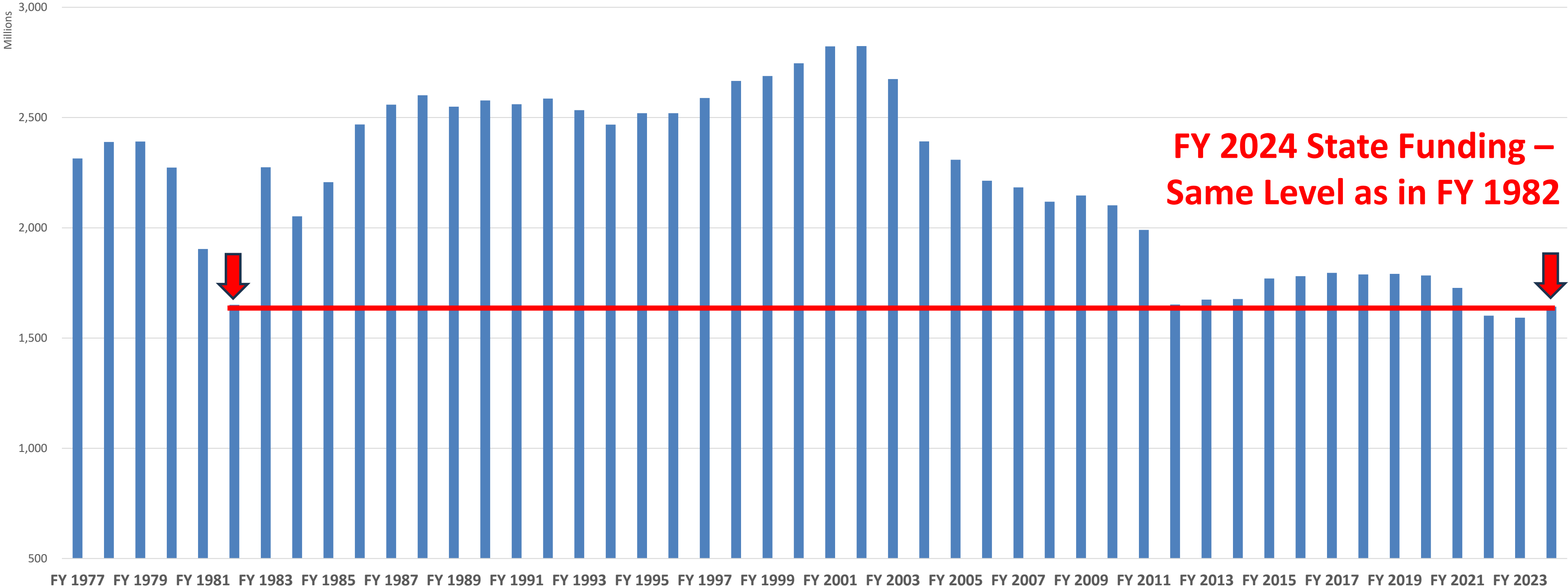
## -- *The Bigger Picture* --

- Michigan's rank in per capita state fiscal support for higher ed
  - 2001: 20th 2023: 41st
- 72% (\$274) of the national average (\$378) in per capita funding
- State appropriations to universities since 2011: \$364 million *reduction* (-18%) (inflation-adjusted). Almost \$1.2 billion *reduction* since 2002.
- Current funding on per-full time student basis:
  - Community colleges: \$11,156 (110% of U.S. average)
  - Public universities: \$7,684 (80% of U.S. average)
- Consumer Price Index December 2021—December 2023: **+10.7%**
- Operations dollars are essential for steady planning, boosting student supports, and minimizing tuition and fee increases.

# State Investment in Public Universities

## -- *The Longer View* --

### Michigan Public University Base Operations Appropriations Adjusted to FY2024 dollars, CPI-U



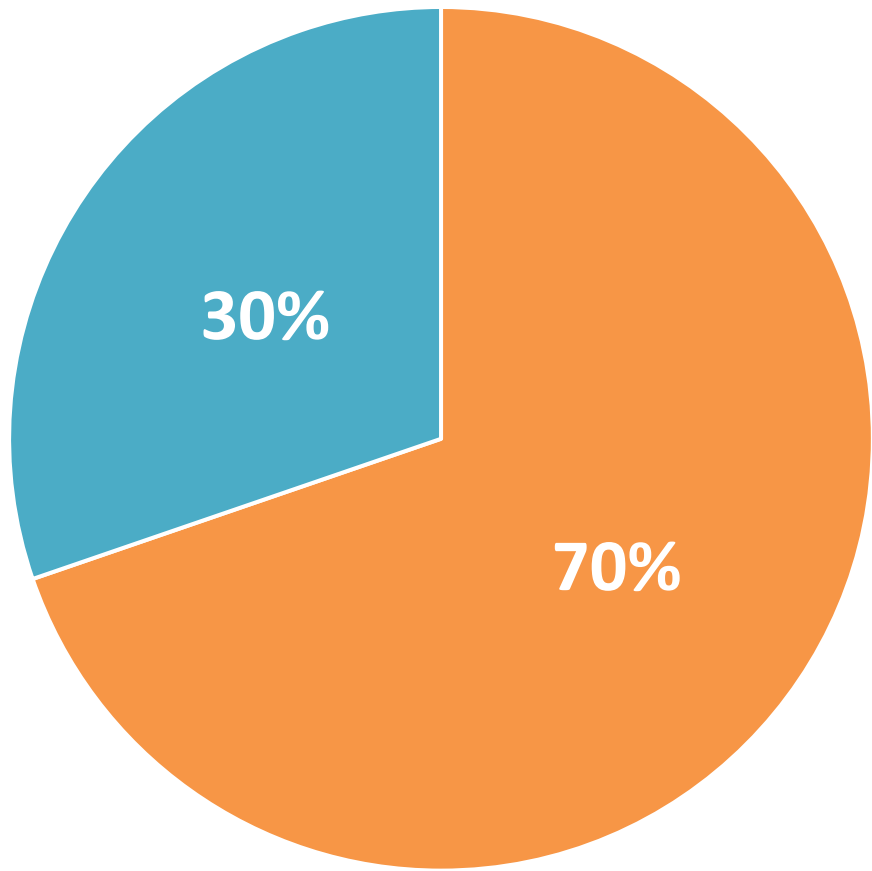


# State Investment in Public Universities

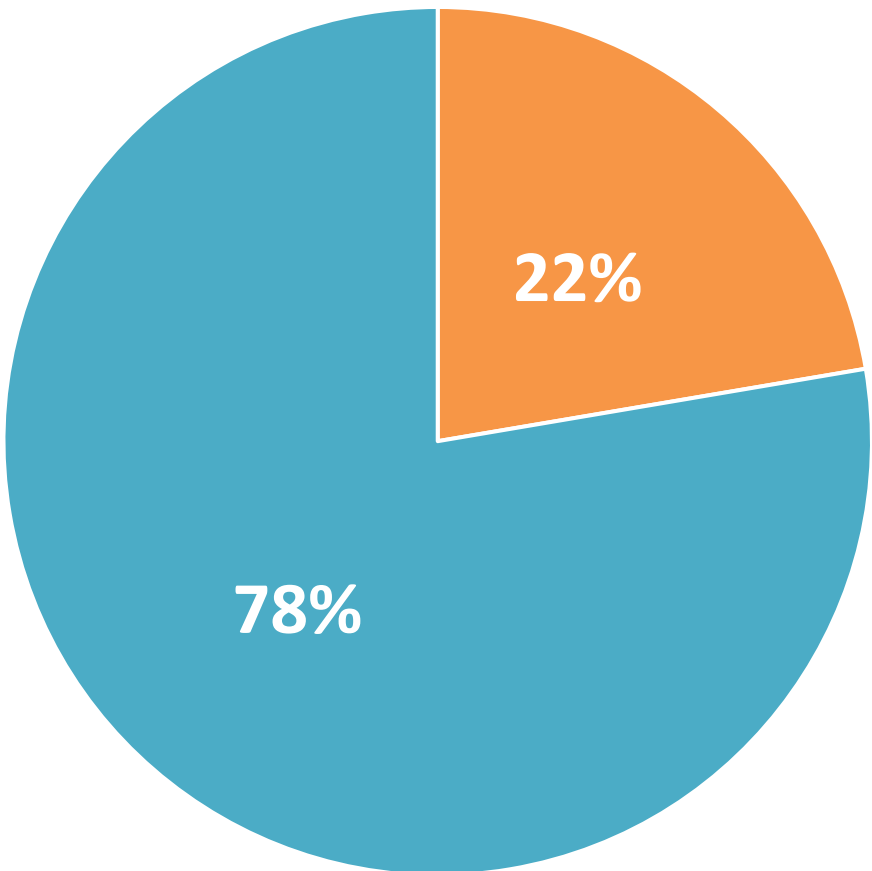
## -- *The Longer View* --

### Michigan Public Universities

University GF Revenues - FY1979



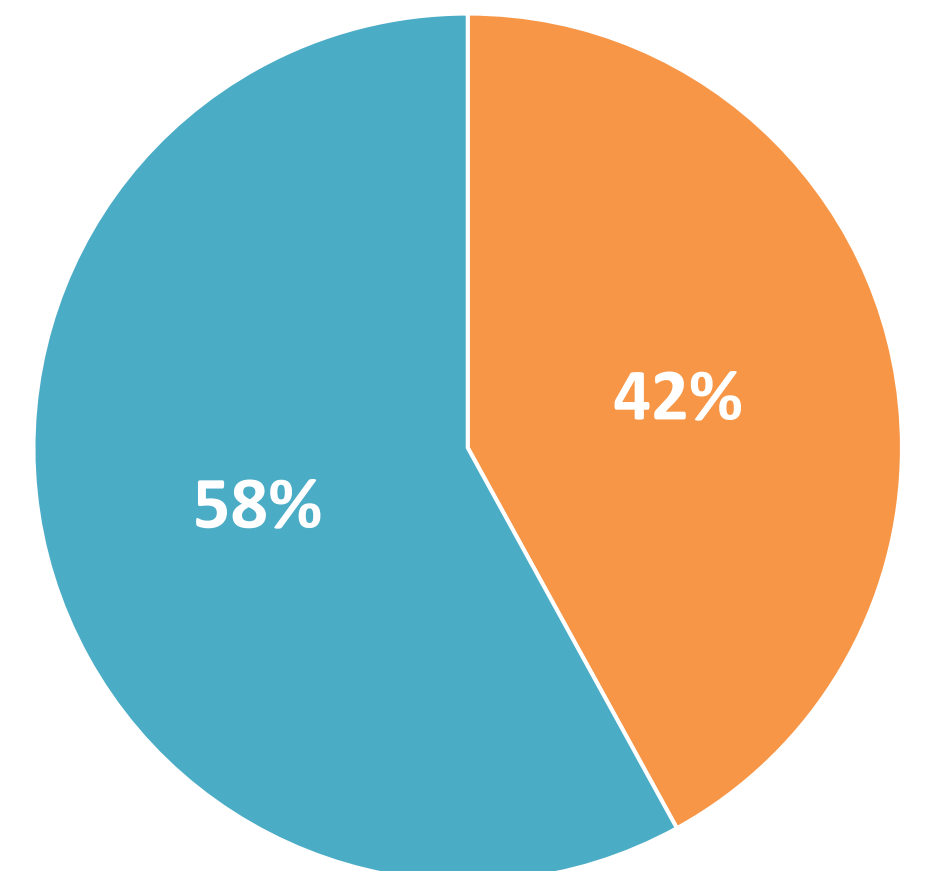
University GF Revenues - FY2023



Appropriations Tuition and Fees

### National Average of all Public IHEs

NATIONAL Avg. GF Revenues - 2022

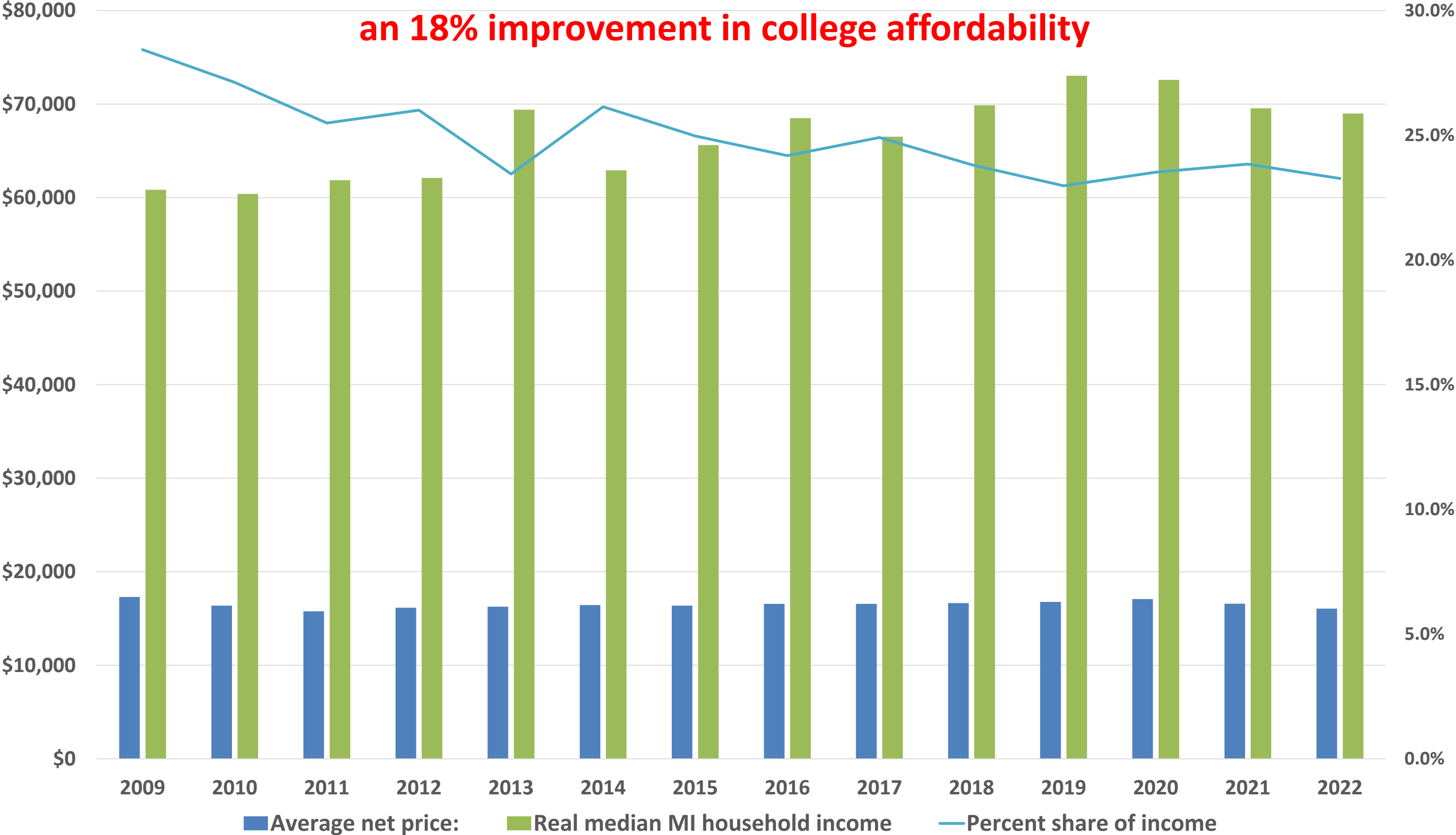


Appropriations Tuition and Fees

# MI Public University Net Price as a Percentage of Household Income

(Constant 2022 dollars)

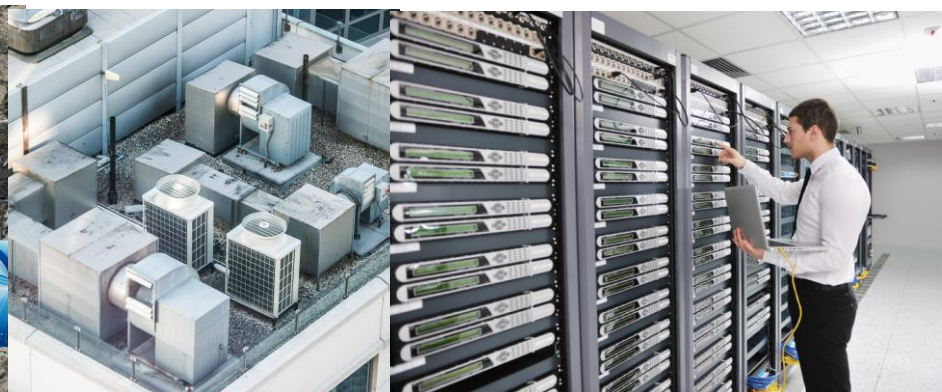
**Average net price has declined from 28% to 23% in past 13 years;  
an 18% improvement in college affordability**



# ITEMS Funding

## *Infrastructure, Technology, Equipment, Maintenance, Safety*

- Michigan's 15 public universities: \$4.4B in combined deferred maintenance needs
- Collective age of the 15 campuses: 1,767 years!  
Eight campuses established in the 19<sup>th</sup> Century.
- Our campuses are among the state's most premier public assets—let's maintain them accordingly.
- ITEMS dollars are for deferred maintenance. Capital outlay authorizations are for new buildings. Separate purposes. Separate funding sources. Decouple the two as it involves allocation to the universities.



# Capital Outlay Project Authorizations

- Maintaining world-class teaching and research facilities is vital
- Much-appreciated capital outlay packaged passed in Nov. 2023

## *Requests:*

- Moving forward: consistent (**annual**) and measured (**a few projects**) capital outlay authorizations instead of a feast and famine cycle.
- Again, decouple any campus capital outlay authorizations from ITEMS dollars.

# Proposed Community College Guarantee

Appreciation for the continued focus on boosting attainment.

## Supplemental Considerations:

- Include public universities as originally proposed by the Growing Michigan Together Council report (full 2 years at either sector).
- Eliminate “last-dollar” component of MAS; making award a flat amount, packaged before refundable Pell Grant, to maximize impact of Pell.
- Increase MAS award for students enrolled at a public university - \$7,800 would equate to half of average tuition and fees.

**In sum: Help public universities continue to drive enrollment and meet the state’s educational attainment and workforce goals**

# Michigan Achievement Scholarship

- We are not currently meeting the projections made of student eligibility when the program was initially designed.
- Financial aid in the U.S. is currently unstable because of federal delays in the new FAFSA.
- MASU believes that the gap in expenditures plus the regular scheduled increase could be used to expand eligibility for students in all three sectors to help meet original expectations.
- MILEAP has convened a workgroup to advise on MAS program administration, and we look forward to collaboratively participating to find program improvements in the coming months.

# Statewide Higher Education Security Operations Center Act



- SB 737 – Introduced Feb. 29. Thank you, Sen. McCann, for sponsoring.
- Proposed \$11.7 in one-time funding to establish national model for cyber defense, research, training, and economic development.
- Minimize redundant institutional costs for cyber defense through scalable collaboration.
- Scale to offer service to other public entities once fully live.
- Partner with Merit Network, Inc.
- Prospective funding source: \$1.6 billion in federal Broadband Equity Access and Deployment (BEAD) dollars allocated to MI.

# There's a University for Every Student

