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](https://www.luminafoundation.org/))
- National average: **53.7%**
- Michigan’s rank nationally: **37th**
- Michigan’s rank in per-capita income: **35th**
- 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
   o 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!
- MPSERS 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!
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<th>MASU’s Request</th>
<th>FY 2025 Executive Recommendation</th>
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<td>Operating Support: +5.2%</td>
<td>+2.5%</td>
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<td>Continuation of ITEMS Funding</td>
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<td>Capital Outlay Projects</td>
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<td>Michigan Achievement Scholarship Build-out</td>
<td>Included</td>
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<td><em>Below original Statutory Intent of $50M based on updated cost estimate</em></td>
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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

FY 2024 State Funding – Same Level as in FY 1982

State Investment in Public Universities
-- The Longer View --

Michigan Public Universities

University GF Revenues - FY1979
- 30% Appropriations
- 70% Tuition and Fees

University GF Revenues - FY2023
- 22% Appropriations
- 78% Tuition and Fees

National Average of all Public IHEs

NATIONAL Avg. GF Revenues - 2022
- 58% Appropriations
- 42% Tuition and Fees
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 19th 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

- 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