

State Investment, College Affordability, & Talent Generation

Commentary on Governor Snyder's FY 2018 Executive Budget Recommendation

House Appropriations Subcommittee on Higher Education



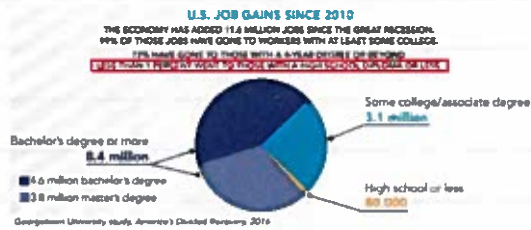
Daniel J. Hurley, Ph.D., Chief Executive Officer
March 23, 2017

Agenda

- Talent demand in Michigan
- Perspective: higher education funding in Michigan
- Comments on FY 2018 Executive Budget recommendation
- Questions



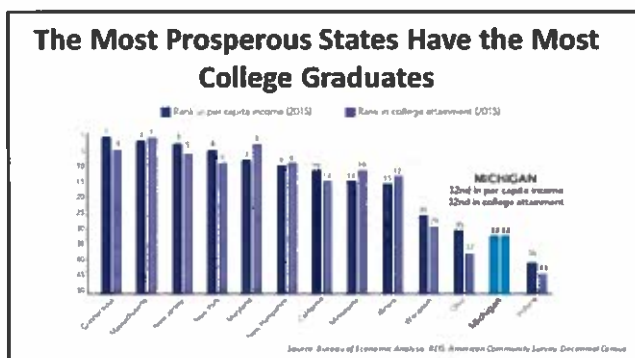
Higher Education: The Key to Prosperity in a Knowledge Economy

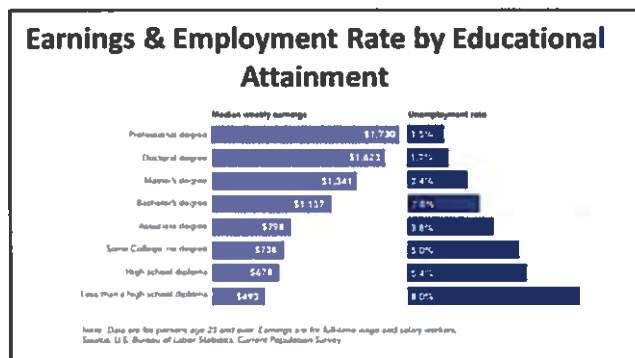


MICHIGAN'S HOT 50

Of the top 50 good paying, growing occupations in Michigan through 2024:
43 require some college, and 36 require a bachelor's degree or higher

Michigan Bureau of Labor Market Information and Strategic Initiatives mlmi.org





State Investment in Higher Education --A Recent Review--

- 15% cut in FY 2012, followed by 5 consecutive years of re-investment in university operating support (appropriations)
- FY 2018 Budget Recommendation: *collective* restoration of state operating support
- Flat funding of Michigan Competitive Scholarship for past 7 years (financial need-based state financial aid for students attending state's private *and* public colleges)



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

- Almost \$1 billion reduction in inflation-adjusted state higher education and student aid funding since 2002
- MI ranks 39th in per capita state fiscal support for higher ed

State University Operating Support

2000	2016
\$1.5 Billion	\$1.36 Billion
\$9,387 per full-time student	\$5,217 per full-time student

— a 44% decrease in state funding per-student (inflation adjusted)



Cuts in State Support Have Decreased College Affordability

STATE SPENDING FROM STATE RESOURCES
DOLLARS IN MILLIONS

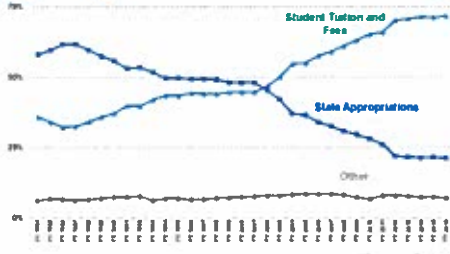
	2001-02	2016-17	% change
Community Health and Human Services	\$4,276	\$4,669	9.2%
Corrections	\$1,802	\$1,988	10.3%
K-12 School Aid	\$11,221	\$12,343	9.9%
Community colleges	\$290	\$272	-6.2%
Higher education	\$1,941	\$1,681	-13.4%
Revenue sharing	\$1,817	\$1,259	-30.7%
All other	\$3,139	\$3,991	27.1%
Total	\$29,686	\$27,904	-6.0%
Federal Funding	\$11,243	\$22,661	101.4%
Michigan Personal Income	\$39,476	\$46,534	17.9%
Donor CPI	179	224	25.2%



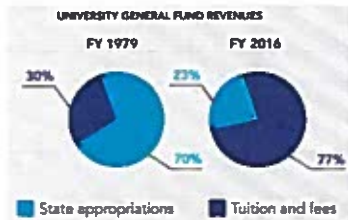
Source: Fiscal Agency, not adjusted for inflation

State Support and Tuition Linked

Proportion of Tuition and State Appropriations that Comprise Universities' General Funds



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



Factors in Tuition Price Escalation

Since FY 2001, 80% of tuition price increases are attributable to **state funding reductions**, and nearly 100% when factoring in **institutional financial aid**. (inflation-adjusted, as of FY 2014).

House Fiscal Agency, December 2013

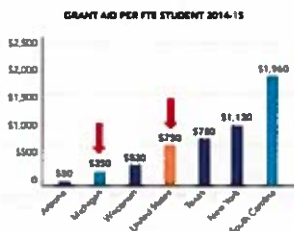


State Financial Aid

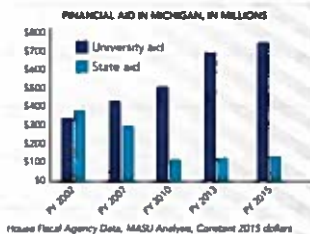
- MI 39th nationally in financial aid investment
- 69% reduction in state aid since 2002 (CPI adjusted)
- Shift in the provision of financial aid from the state to institutions

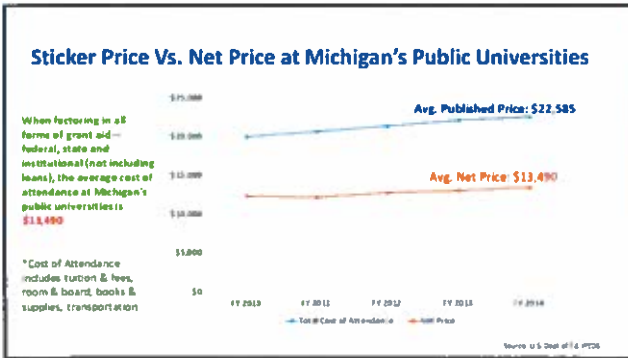


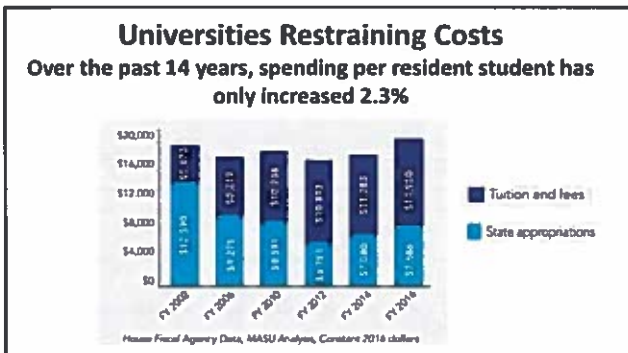
Michigan Student Financial Aid: One-Third the National Average



Universities: Helping to Fill the Financial Aid Gap







FY 2018 Executive Budget Recommendation for Higher Education

Operating Support

- +2.5% (\$36M) distributed half across the board, half through formula funding
- Collective restoration of state operating (EMU, MSU, UM, WSU still below FY 2011 level)
- Tuition increase incentive: 3.8% or \$475

Student Financial Aid—Michigan Competitive Scholarship

- \$8M added — available to students attending public and private colleges
- Average award increased from \$575 to \$1000

Student Financial Aid—Tuition Incentive Program (TIP)

- Included: New cap on TIP payments to universities (double the avg. in-district rate of community college tuition beginning in FY 2019) for 2-year degree-seeking students
- **Concerns:** takes away financial aid from students with greatest financial need; hurts students enrolled at universities that serve a community college function in rural areas, \$8.5M cap already in place for all institutions effective in FY 2018

FY 2018 Executive Budget Recommendation for Higher Education

Capital Outlay

- Three projects recommended: WSU, SVSU (carry over); MTU (new)

One-Time Grant to Support Transfer Initiatives (In Community College budget)

- \$1M for community college-university transfer initiatives
- Replacement of Michigan Transfer Network website; Work on high enrollment degree pathways

Higher Education Funding—Looking Forward

Themes of a Good Higher Education Investment Strategy

Consistency
Predictability
Sufficiency

Local, State & Global Impact



- Innovation & Entrepreneurialism
- Research & Development
- Environmental Sustainability
- Health Care
- K-12 Outreach
- Public Safety
- Civic Engagement & Education
- Student Service and Outreach
- Culture and Placemaking
- Faculty Perspective and Expertise
- Flint Water Crisis
- Global Outreach

Questions?