



Joint House and Senate Appropriations Subcommittees on Higher Education

State Investment in Michigan's Public Universities

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Thank You

- **Legislative Stewardship & State Investment**
- **Committee Meeting Format**
 - Further insight into universities' public purpose missions
- **Comments**
 - **FY 2017 Executive Budget Recommendation**
 - **State Higher Education Funding—Broader Context**
 - **Tuition Policy**
 - **State Financial Aid**
 - **Institutional Cost Containment**

FY 17 Executive Budget Recommendation

- **4.3% increase in university operating support**
 - **Aggregate restoration to 2011 levels, minus inflation**
 - Inflation-adjusted restoration = \$137 million more in state investment
 - **5 universities remain below 2011 levels**
- **Half across the board, half through funding formula**
- **5th consecutive year of re-investment**
- **Appreciation for Executive capital outlay authorization recommendations**
- **Themes: *consistent, sustained* investment**

State Higher Ed Investment—Longer View

- **FY 2011-2016: U.S. +11.6% / MI -2.4%**
- **\$1 billion reduction in inflation-adjusted state higher education and student aid funding since 2002**
- **MI ranks 40th in per capita state fiscal support for higher ed**
- **Since 2000, 80% of tuition price increases are attributable to state funding reductions; nearly 100% when factoring in institutional financial aid (inflation-adjusted, as of FY 2014).**
 - House Fiscal Agency, December, 2013

Higher Education as a State Investment Priority

Table 22

STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS TOTAL COMPARED IN SELECTED BUDGET AREAS (Millions of Dollars)				
Budget Area	FY 2005-06	FY 2015-16	Dollar Difference	Percent Change
	Year-to-Date Appropriations	Initial Appropriations		
Health and Human Services	\$5,768.8	\$6,357.1	\$588.3	10.2%
Corrections	1,872.7	1,947.9	75.2	4.0
K-12 School Aid	11,308.0	12,120.6	812.5	7.2
Community Colleges	281.6	387.8	106.3	37.7
Higher Education	1,730.9	1,437.7	(293.2)	(16.9)
Revenue Sharing-Constitutional	680.1	783.9	103.7	15.3
Revenue Sharing-Nonconstitutional	423.5	468.5	45.0	10.6
All Other Programs	5,638.4	6,618.2	979.8	17.4
Total State Spending	\$27,704.0	\$30,121.6	\$2,417.6	8.7

Tuition Price Controls

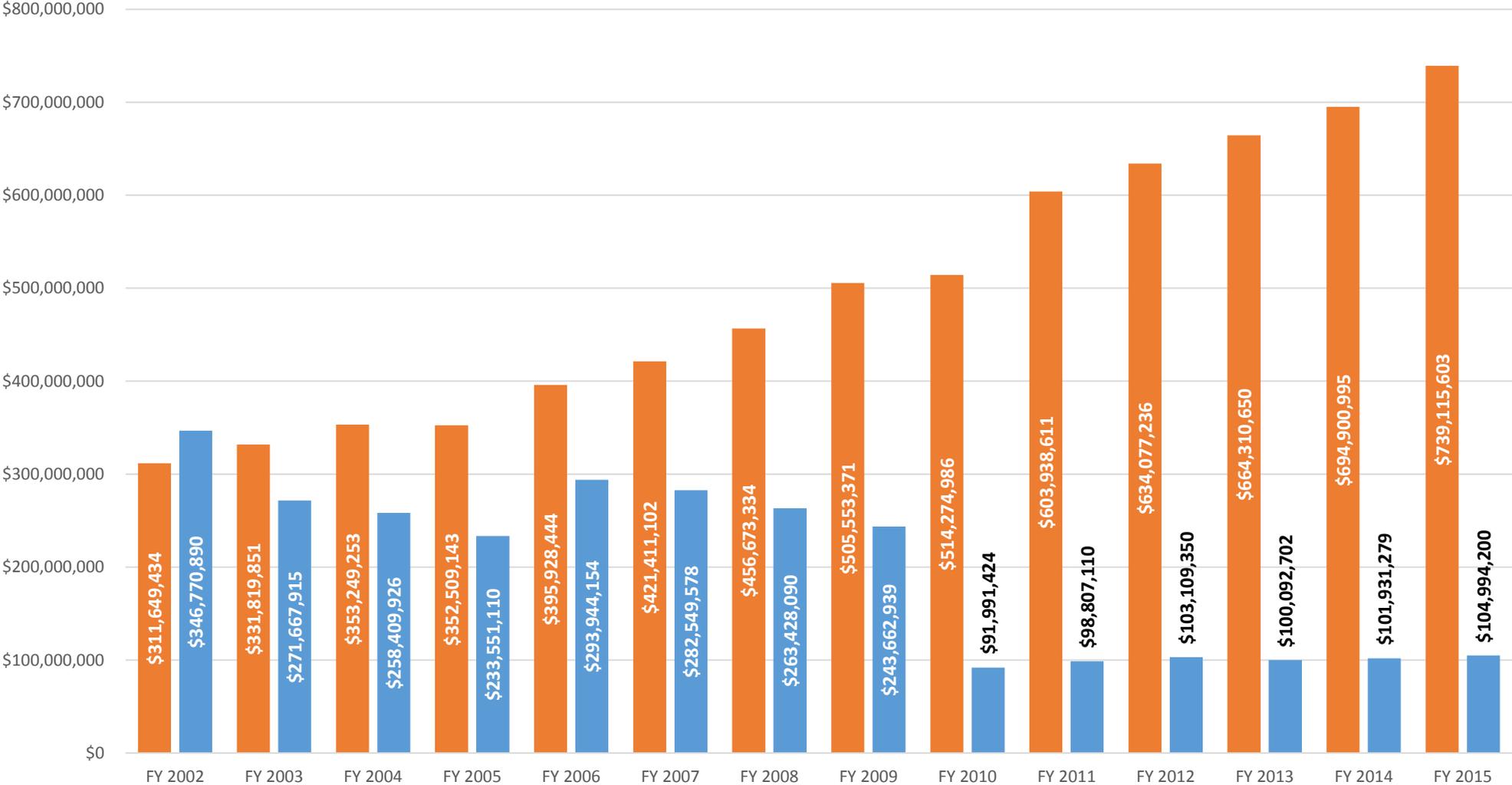
- **Opposition to legislatively-directed tuition caps**
 - **Implications for college affordability, student success**
 - **Appointed/elected governing boards have fiduciary responsibility for tuition policy**
- **Negotiated state “buy-down” of tuition increases**
- **96% of tuition decisions in past 5 years have been under the cap**

State Student Aid

- **Flat funding for MI Competitive Scholarship program**
- **MI 39th nationally in student aid investment**
- **70% reduction in state aid since 2002 (CPI adjusted)**
- **Shift in the provision of student aid from the state to institutions**
- **Request: sustained investment in needs-based aid**

State Universities – Filling in the Void of State Student Aid Disinvestment

Financial Aid in Michigan
Constant 2015 dollars (CPI-U)



Data source: House Fiscal Agency, MASU

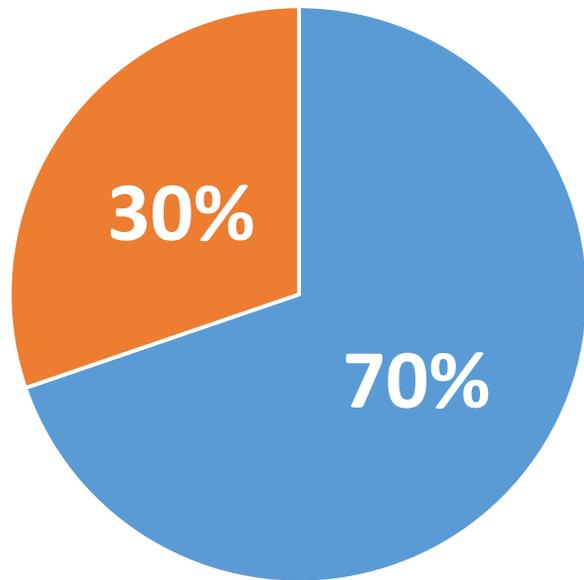
■ Institutional Financial Aid
 ■ State Financial Aid

Institutional Fiscal Stewardship

- **Group purchasing**
 - **MI Coalition on Health**
 - **MI Universities Self-Insurance Corporation**
 - **Midwest Higher Education Compact**
- **Faculty and staff reductions**
- **Organizational realignments, consolidations**
- **Efforts to boost student success**
 - **Increased retention, degree completion, reducing time-to-degree**

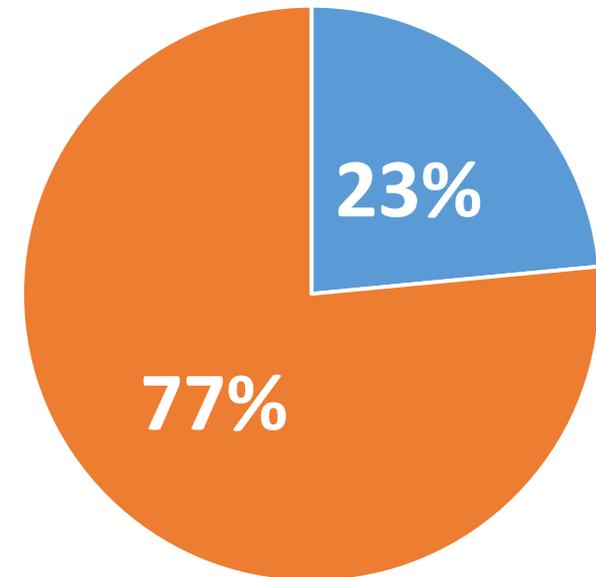
In Michigan – The State-to-Student Cost Shift in Paying for a Public University Education

University GF Revenues -
FY1979



■ Appropriations ■ Tuition & Fees

University GF Revenues -
FY2015

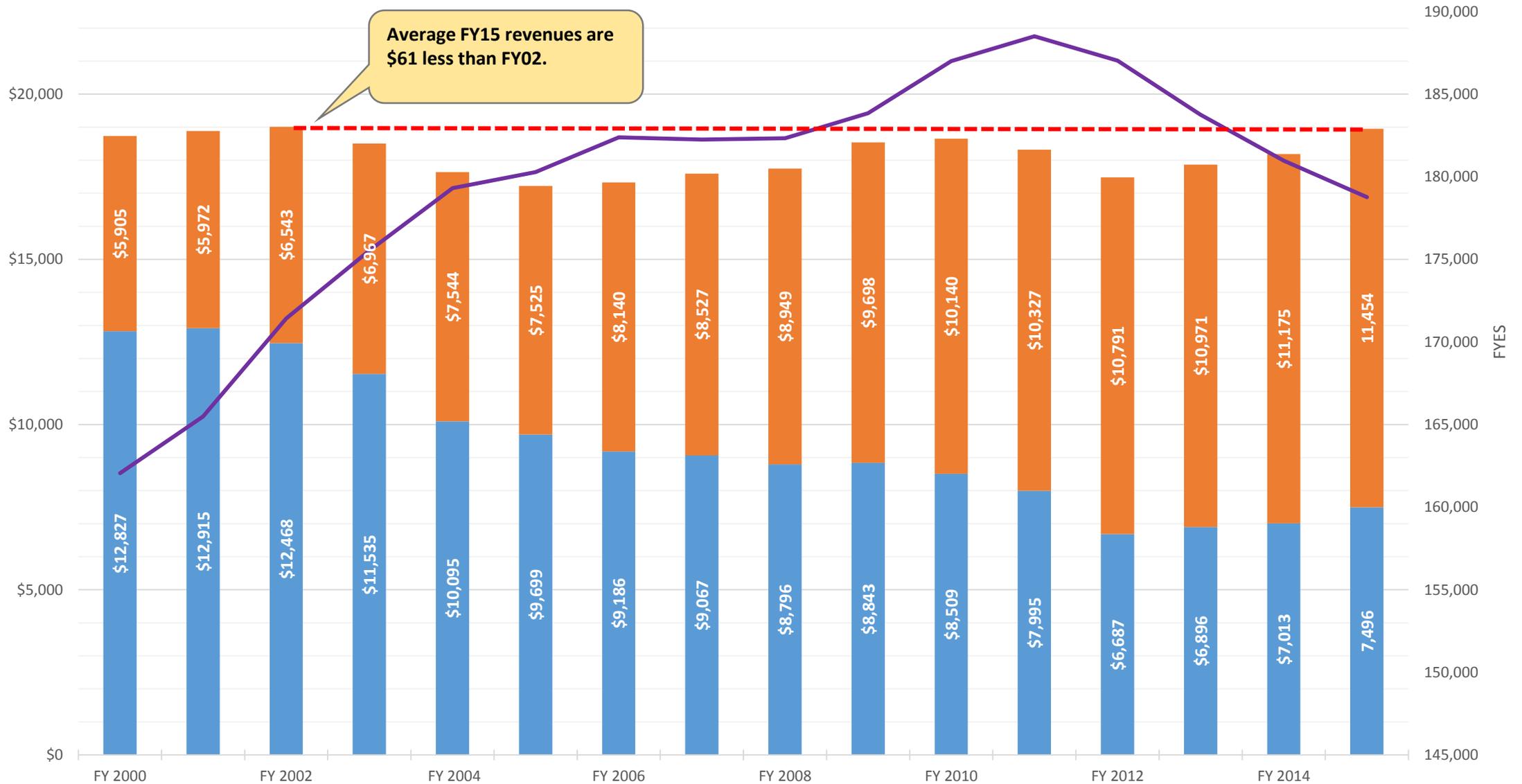


■ Appropriations ■ Tuition & Fees

State Universities – Not Passing the Buck on to Michigan Students

Average GF Revenues per Resident Undergraduate FYES

Constant 2015 dollars using CPI-U

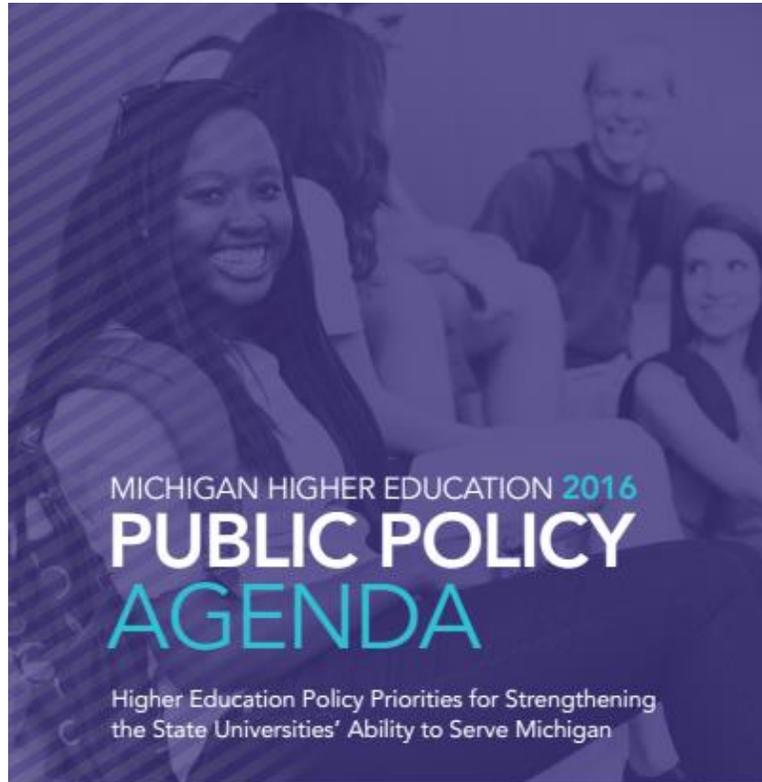


Data source: House Fiscal Agency

■ Appropriation per Resident Undergrad FYES

■ Resident Undergrad Tuition & Fee Rates

— Resident Undergrad FYES



Thank You

