

Michigan's public universities

Moving Michigan into the knowledge economy



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Why is higher education important

- Economy requires an educated workforce
- Lumina Foundation Report: By 2018, 62% of MI jobs will require post-secondary education. MI will need to fill about 1.3 million vacancies resulting from job creation, work retirements and other factors. Of these job vacancies, 836,000 (65%) will require post secondary credentials.
- Global competition for educated workers
- Projected 15 million more college grads needed in next 15 years in addition to current production

Higher education: The way forward

- Prosperity (per cap income) linked closely to % of college graduates in a state
 - Of the top 10 states in per cap income, nine are in top 12 of education attainment
- Michigan must transform itself into a knowledge economy state or become poorer
 - New factory hires at Ford: \$14/hour, no pension
 - 2001-2007: 10.7% of “low education” jobs were lost
1.7% of “high education” jobs were lost

Higher education: The way forward

- If Michigan wants to become a more prosperous state, the state ought to be at least as focused on handing out diplomas as on handing out tax breaks... There is abundant evidence that concentrations of well-educated people create their own economic abundance, often by launching new businesses where they live.

Detroit Free Press

- The new world will require everybody to get some post-high-school education, whether that's vocational training, a bachelor's degree or a post-graduate degree.

Grand Rapids Press

Higher education: The way forward

- We need to prioritize how we spend state dollars and focus on things that will fuel our future economy like **higher education**, transportation infrastructure and supporting innovation and entrepreneurship.

Business Leaders for Michigan

- Lansing has made some pretty poor choices. But some of those haven't been spending decisions, but penny-wise and pound foolish budget cuts. Check out the ways Lansing has accepted repeated cuts in public support to Michigan's public universities . . . we now spend more on warehousing felons in our prison system than on educating young minds in college.

Phil Power, Center for Michigan

What state do we want to emulate?

State	Education attainment-- % (08)	Per capita income (09)	Unemployment (12/10)
Michigan	24.7/35	\$34,334/37	14.6/48
Indiana	22.9/41	\$34,912/40	9.9/35
Minnesota	31.5/10	\$43,859/14	7.4/12
U.S.	27.7 %	\$39,626	10.0 %

Note how per capita income aligns with education attainment – not taxes. Of these three states, Indiana has the lowest state and local tax burden, followed by Michigan and then Minnesota.

Higher education: The way forward

County	% w/ bachelor degree	Household income	% Unemployment (2009)	Population below poverty line
Wayne	11.9	\$38,192	20.1	24%
Oakland	24.2	\$62,308	12.1	9.7%
Macomb	13.6	\$50,553	15.4	10.9%

Source: 2009 American Community Survey

1-Year Estimates

Higher Education in Michigan

Article VIII of the State Constitution:

- **Section 4:** Requires Legislature to appropriate funds to maintain Michigan's 15 public universities.
- **Section 5:** Provides for elected boards of control for University of Michigan, Michigan State, and Wayne State.
- **Section 6:** Provides for appointed boards of control for remaining universities.
- **Section 5 and 6:** Grants each university board control and direction of all expenditures from institution's funds.

Because of the operational autonomy granted to the universities under the constitution, Michigan is the only state without a statewide board, commission, or agency specifically responsible for higher education administration or oversight.

Michigan and higher education support

Higher education support per capita:

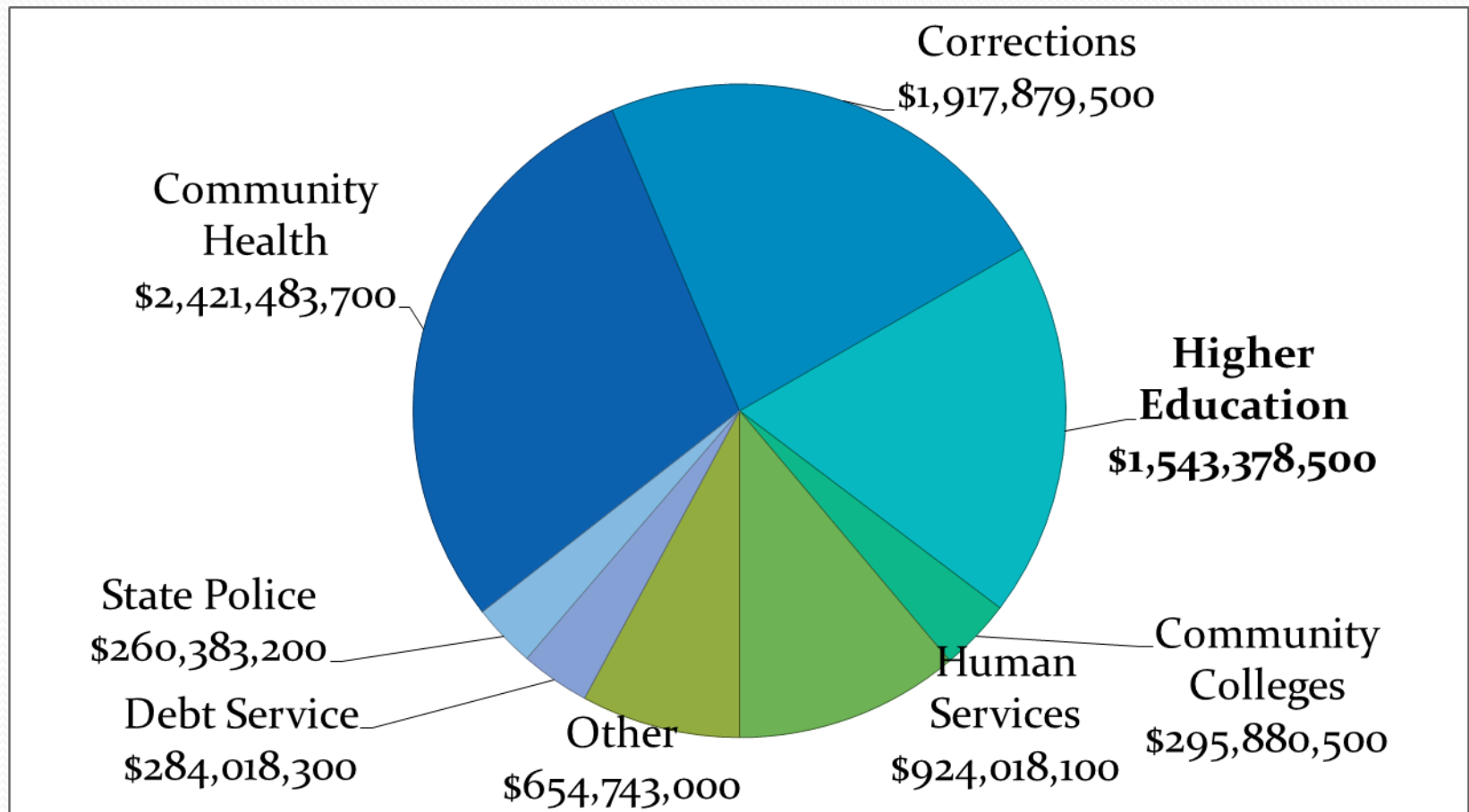
North Carolina	\$435
Minnesota	\$301
U.S. average	\$292
Michigan	\$258
Indiana	\$239

Source: State Higher Education Executive Officers report

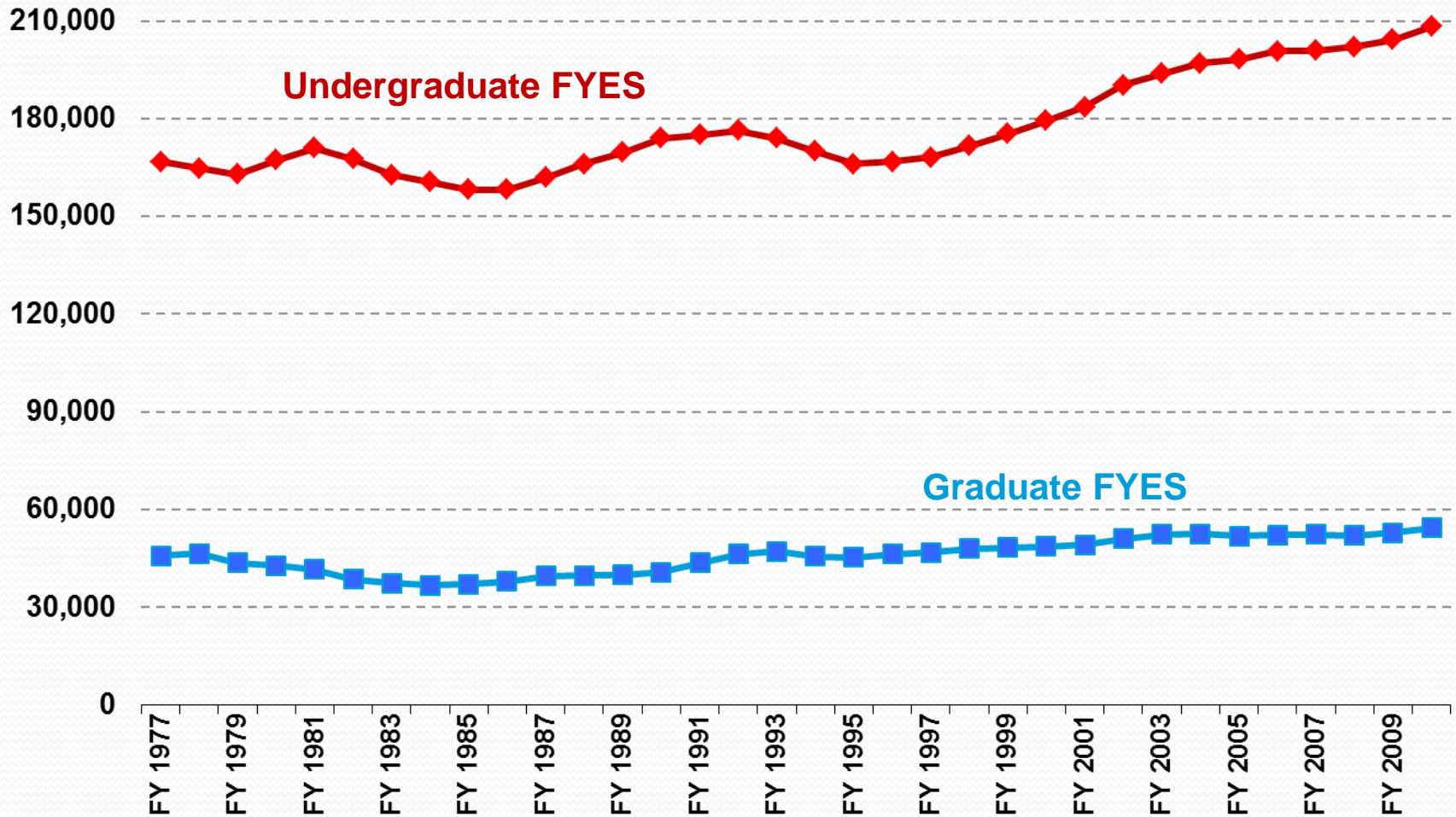
Higher Education Share of State GF/GP

Higher Education makes up 18.6% of the total state GF/GP budget

FY 2010-11 GF/GP Total = \$8,301,784,800



Enrollment History

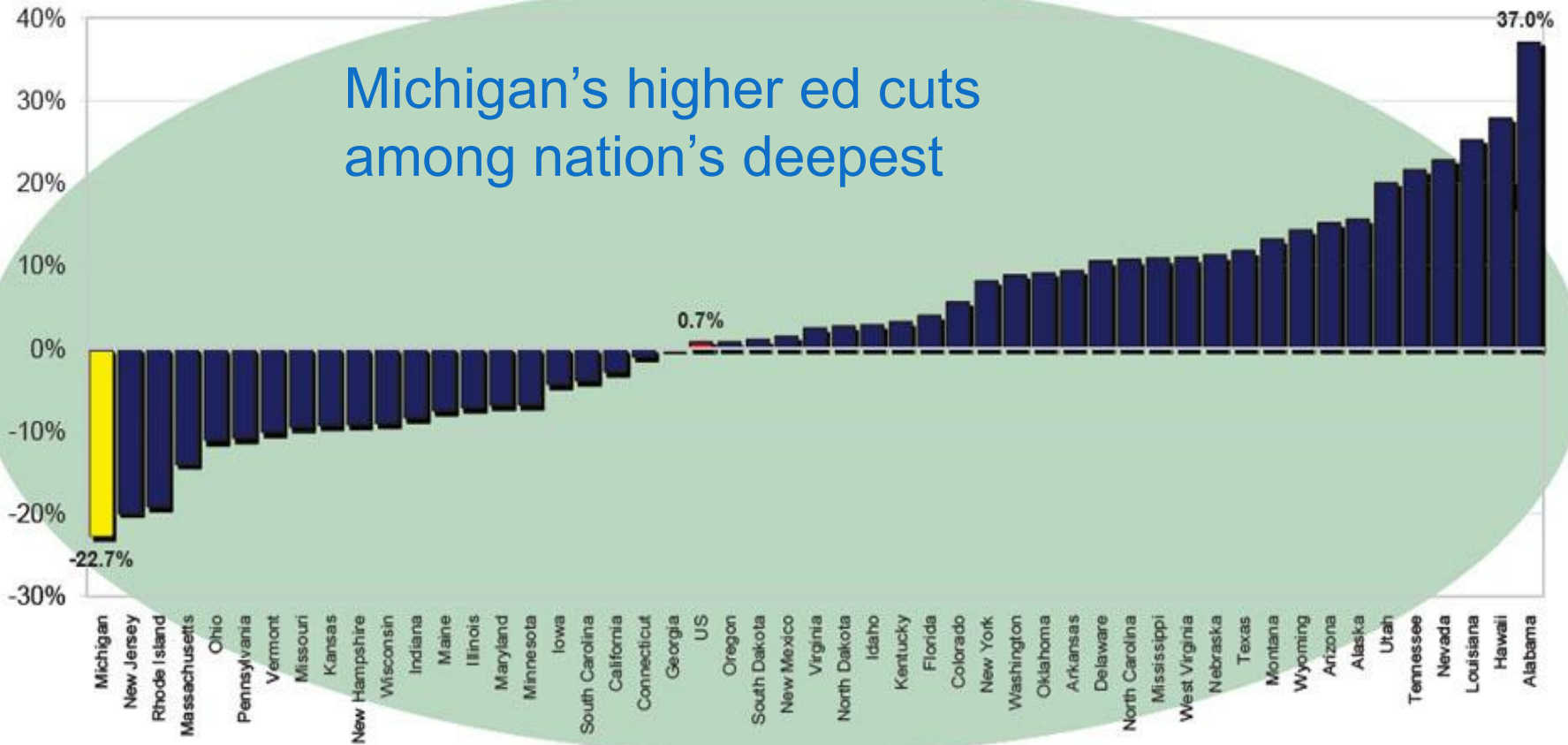


Higher education this decade

State personal income	+ 12.7 %
State spending from state resources	+ 2.4
State higher education approps	- 13.7
University FTE enrollment	+ 12.8

Figure 6

Educational Appropriations per FTE
Percent Change by State, Fiscal 2003-2008



Note: Dollars adjusted by 2008 HECA, Cost of Living Adjustment, and Enrollment Mix; Educational Appropriations.

Source: SHEEO SHEF

Tuition Rates & State Funding

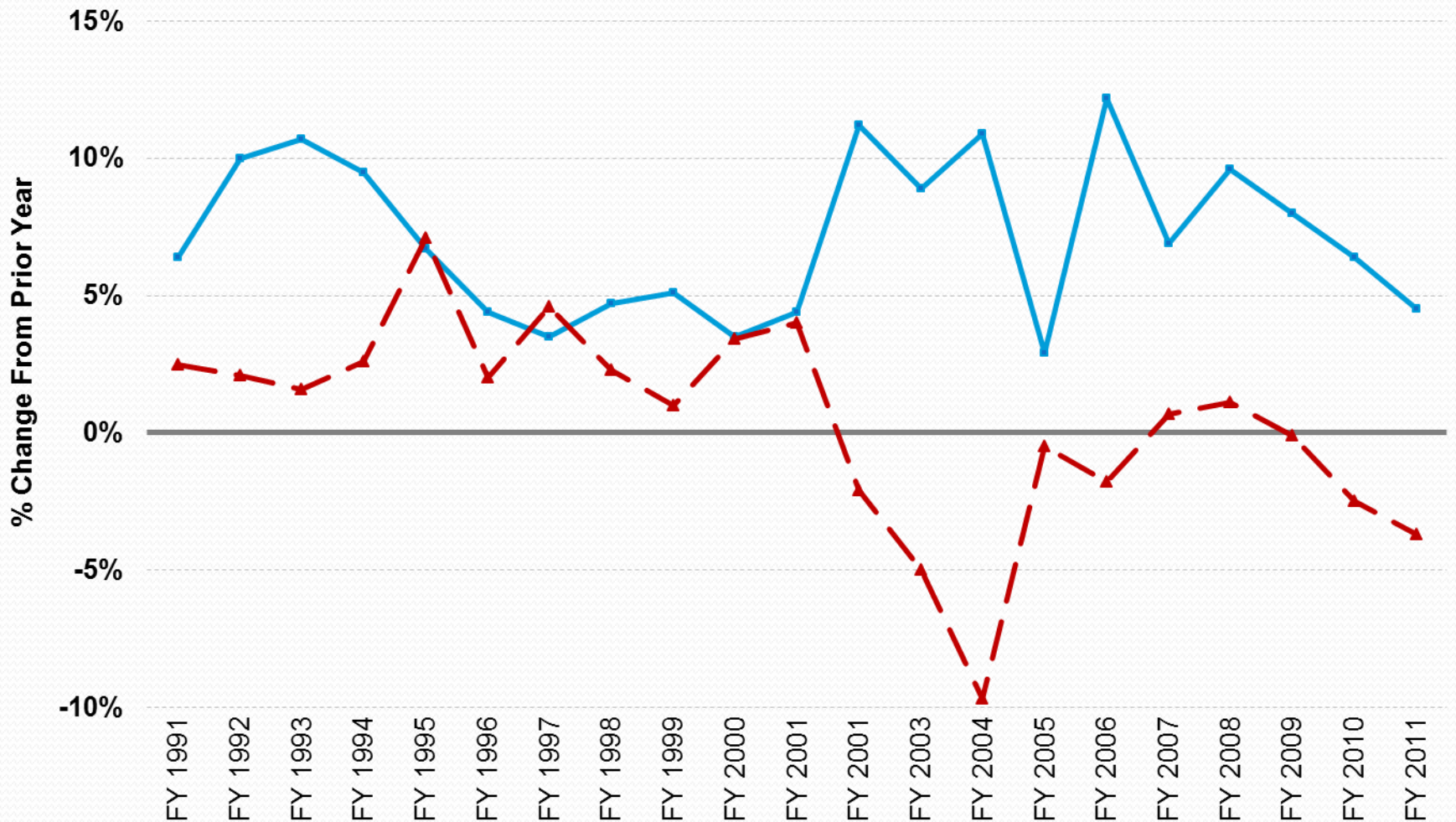
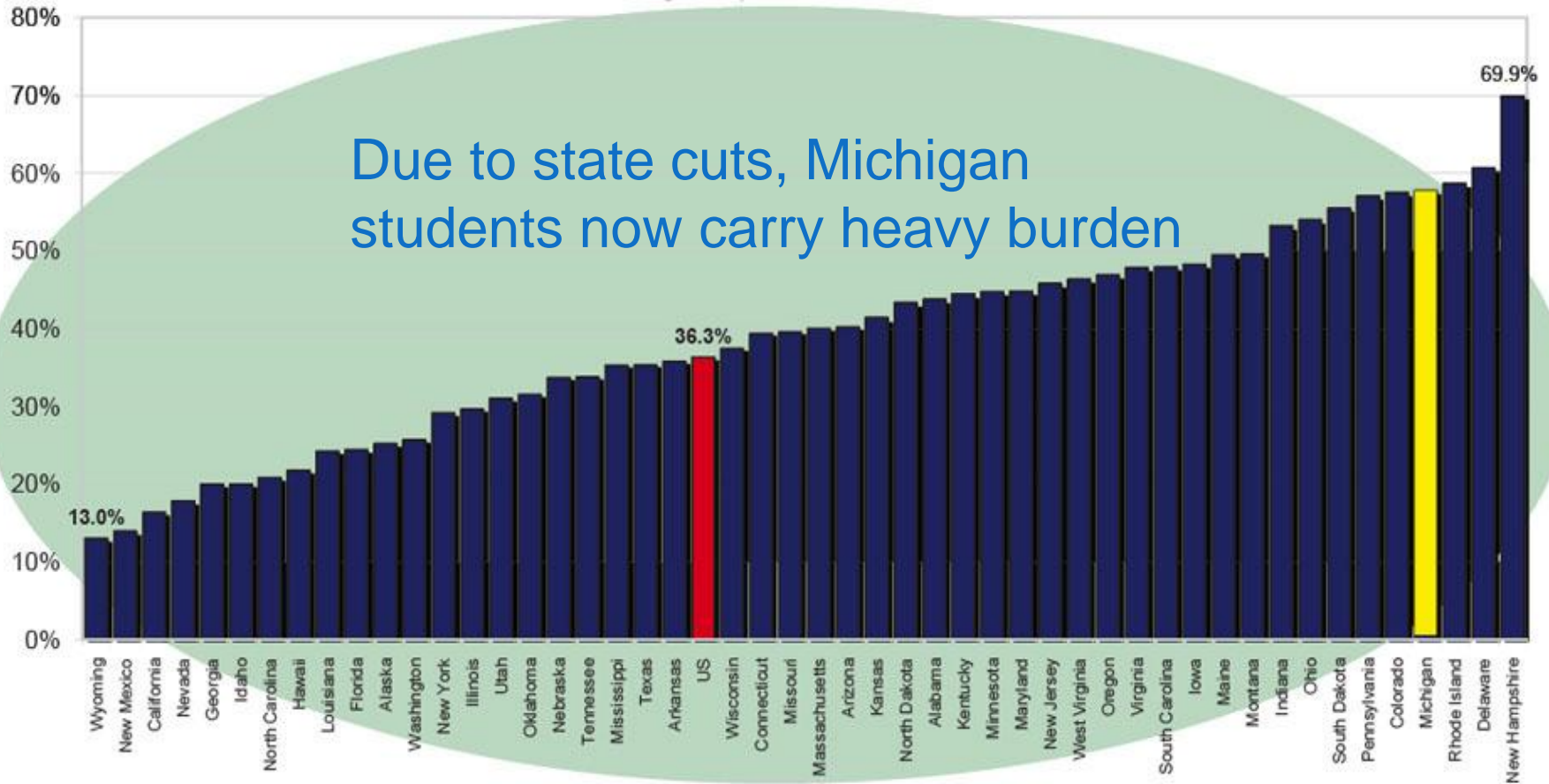


Figure 7

Net Tuition as a Percent of Public Higher Education Total Educational Revenue
by State, Fiscal 2008

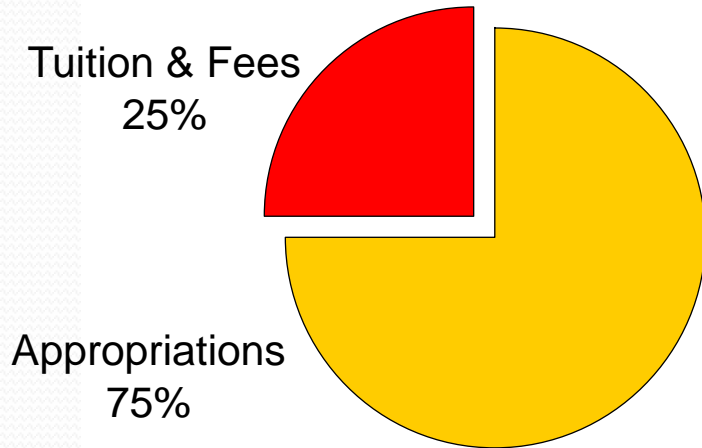


Note: Dollars adjusted by 2008 HECA, Cost of Living Adjustment, and Enrollment Mix; Net Tuition

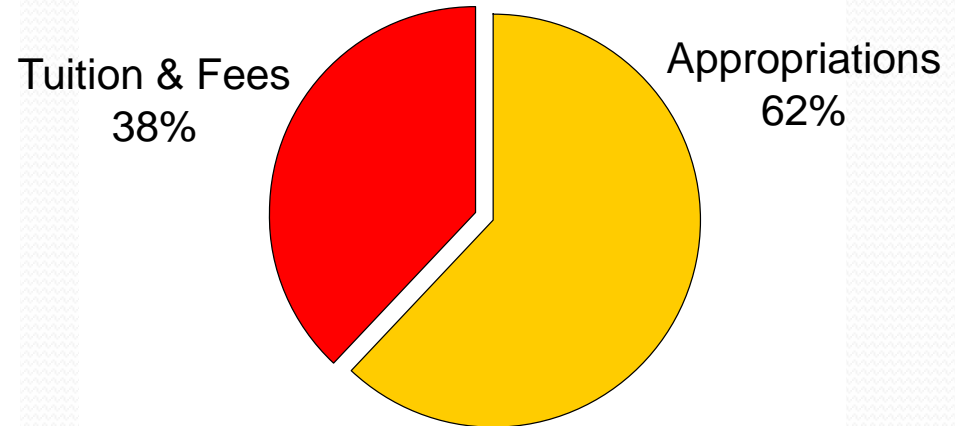
Source: SHEEO SHEF

Sources of General Fund Operating Revenue

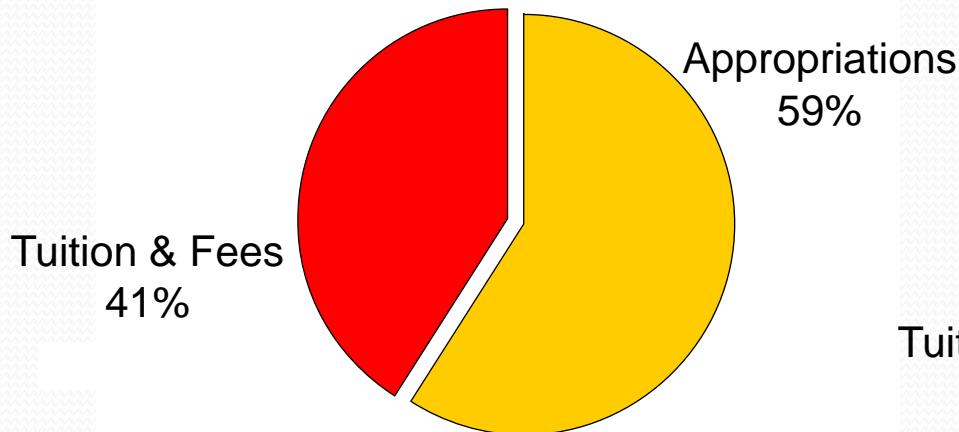
1972-73



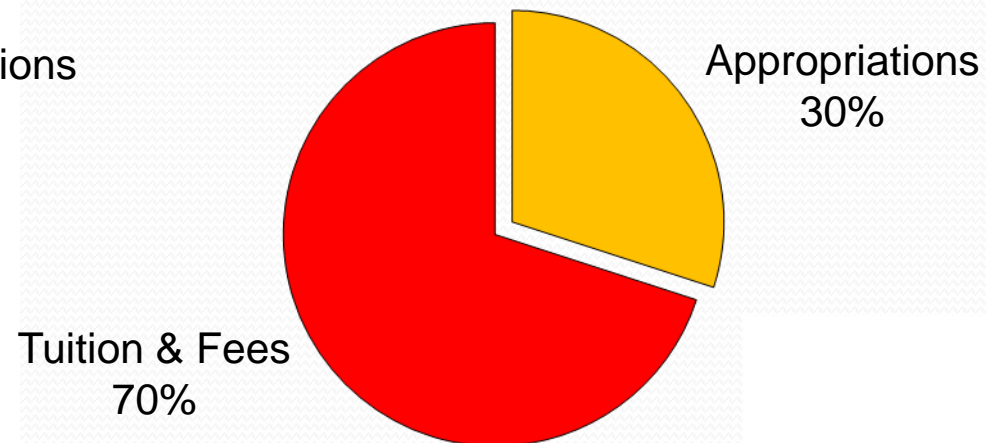
1982-83



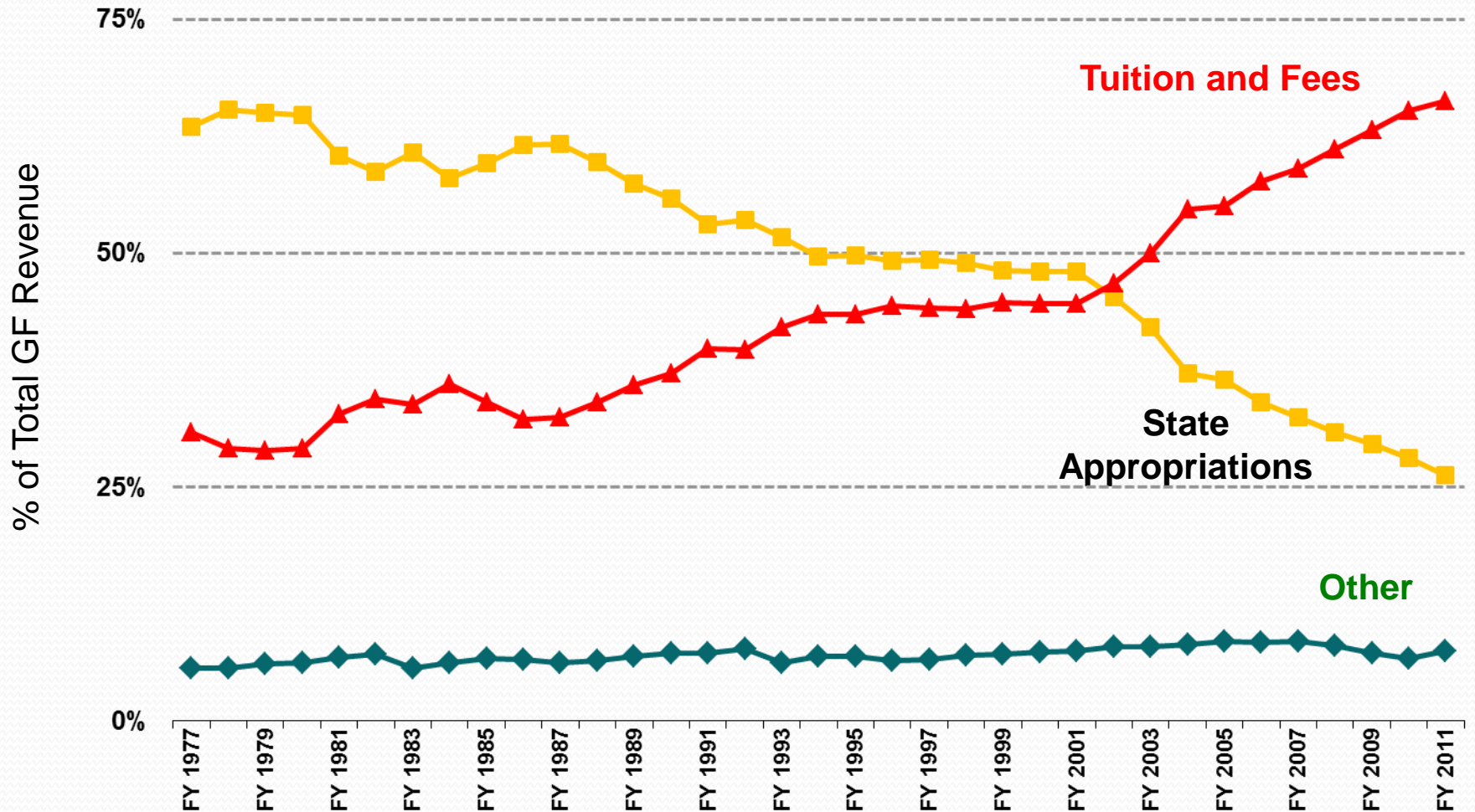
1992-93



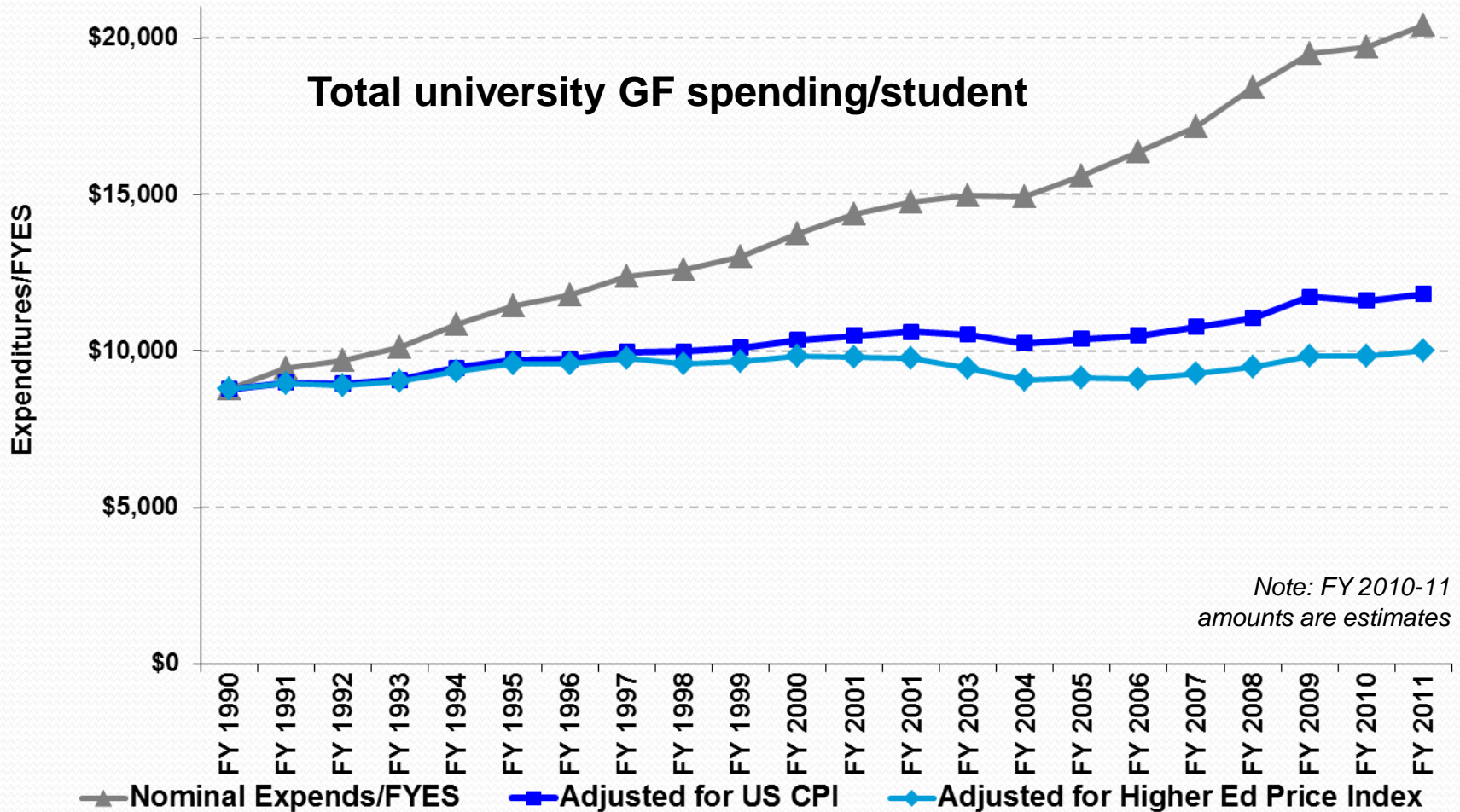
2009-10



Public University General Fund Revenue Source History



Michigan universities have been frugal



Our universities have been cutting costs and closing programs where demand is not high

- Disciplined approach to financial management with emphasis on multi-year budget planning.
- Reducing operational costs through deliberate, thoughtful and steady efforts over time.
- Continual reallocation of resources toward highest priorities.
- Keeping education affordable by investing in student financial aid.
- Collaborating together on shared services for cost containment.

Collaborating for Efficiency and Quality

- Michigan Universities Self-Insurance Corporation
- Michigan Universities Coalition on Health
- Merit Network, Inc.
- Midwestern Higher Education Compact
- Michigan Delivering Extended Agreements Locally

Health care cost containment

Medical + prescription costs (average family)

	Public universities	State government
Total cost	\$9,046	\$11,887
Employer cost	\$7,863	\$10,900
Employee cost	\$1,183	\$987
Employee cost share	13.1%	8.3%

Collaborating for Efficiency and Quality

- Academic Program Review
- Michigan Initiative for Innovation and Entrepreneurship
- Intern in Michigan
- Promoting The Publics
- Higher Education Recruitment Consortium
- Michigan Transfer Network
- Japan Center for Michigan Universities
- Detroit Compact and Wade McCree Scholarships
- Arts in the Legislature
- Undergraduate Professor of the Year

Leading the fight against brain drain

- All universities working with chambers, others on Intern in Michigan program
- Almost all have entrepreneurship programs
- Almost all have business commercial park collaborations with local companies
- www.motivatemichigan.com (student econ dev competition)
- Michigan Initiative for Innovation and Entrepreneurship creating Michigan companies
- MSU partnerships with IBM, Consumers Energy, others
- Next Energy
- WSU's Techtown projects
- And many more...

Final thoughts

- Higher education has borne a disproportionate share of state budget cuts
 - Despite that, we have increased enrollment and graduation numbers
 - We are collaborating and cutting programs and costs
- In the future, the states and regions with the most college graduates will be prosperous
 - Michigan needs to do more to produce and retain college graduates
 - Our universities are on the front lines of both

Old Chinese Proverb

If you don't change your
direction, you may end up
where you are headed

Michigan's public universities

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