



2017

LEGISLATIVE PRIORITIES



PRIORITY #1: INCREASE STATE NEED-BASED STUDENT FINANCIAL AID

- Increase state investment in need-based student financial aid programs that promote access for lower-income students.
- Boost, through investment, the share of state financial aid directed to students attending the state's public postsecondary institutions, which are generally more affordable.

The State of Michigan's primary role in higher education is the allocation of support for its public universities and community colleges in order to mitigate the cost of attendance for all students. Unfortunately, the long term trend of state disinvestment in higher education has resulted in many families confronting unmet financial need at public institutions. Income-targeted state grant programs are important tools in addressing the gap between family resources and public college costs.

Regrettably, despite tremendous investments by the public universities in the provision of institutional need-based grants, steep cuts made to Michigan's financial aid programs have diminished the ability for lower-income families to afford a college education. State financial aid appropriations peaked in 2002 at \$262 million, and are less than half of that today. Adjusting for inflation, this is a 69 percent reduction. Michigan ranked 39th in the nation in 2015 for grant aid per student at a paltry \$248. Still more challenging, only about 30 percent of award funds from the last two remaining general purpose state financial aid programs goes to students attending public universities and community colleges, compared to a national average of 72 percent.

PRIORITY #2: ENHANCE STATE OPERATING SUPPORT FOR PUBLIC UNIVERSITIES

- Increase state operating support for Michigan's public universities to maintain college affordability.
- Promote a state higher education funding model that provides sufficient, predictable and sustained public university operating support.

Sufficient, consistent and sustained state funding for institutional operations mitigates tuition price escalation and keeps college affordable for all students. The primary driver of higher tuition prices over the last several decades has been the state-to-student cost shift that has occurred as a result of state disinvestment in public higher education. In 1979, state funding accounted for 70 percent of Michigan public university operating revenues, with tuition dollars comprising 30 percent. Today, students and families now provide 71.8 percent of institutional general fund dollars.

Modest increases in state operating support for Michigan's 15 public universities since 2013 have helped alleviate increases in tuition prices. However, from 2011 through 2016, average state fiscal support for all postsecondary education nationally rose 11.6 percent, whereas in Michigan, funding during the same period fell by 2.4 percent. Collectively, as of 2017, the state's public universities are still receiving less from the state than in 2011, without adjusting for inflation. State fiscal support for all postsecondary education in Michigan on a per-capita basis is 24.7 percent lower than the national average. The long-term trend in state higher education disinvestment is bleaker: a nearly one billion dollar reduction in inflation-adjusted state higher education and financial aid funding has occurred since 2002.

PRIORITY #3: INVEST IN STATE CAPITAL OUTLAY FOR MICHIGAN'S PUBLIC UNIVERSITIES

- Create a state capital outlay process that is conducted annually, is consistent and predictable, and provides the public investment needed to ensure continued world-class academics and applied research at Michigan's public universities.
- Reinvest state payments for infrastructure, technology, equipment, and maintenance at public university facilities, helping these institutions lengthen the lifespan of the state's investment for many more years.

High-quality academic and research facilities are vital to ensuring that Michigan's public universities remain competitive. Constructing technologically- and environmentally-sophisticated campus facilities requires a financing partnership between the state and its public universities. Although only two university projects were authorized between 2010 and 2015, the state has resumed investment in capital outlay in the last two years by authorizing eight public university projects. This is a commendable turnaround, and we encourage the state to continue its recent trend of providing capital outlay investment in its public universities.

Also of importance is the need for state investment in the existing infrastructure on its public university campuses in order to maximize the lifespan of these important assets. The state has not provided for infrastructure, technology, equipment, and maintenance (ITEM) grants since 2000, shifting one more cost burden from the state onto the books of universities. Ultimately, a portion of students' tuition dollars end up paying for critical campus asset preservation needs; monies that would be better utilized for direct instruction.



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