



**NORTHERN MICHIGAN
UNIVERSITY**

OFFICE OF THE PRESIDENT
1401 Presque Isle Avenue
Marquette, MI 49855-5301
906-227-2242 | FAX: 906-227-2249
NMUPres@nmu.edu | nmu.edu/president

MEMORANDUM

TO: Representative Kim LaSata, chair, House Higher Education Appropriations Subcommittee
FROM: Fritz J Erickson, President
RE: 2017-18 Higher Education Budget
DATE: March 9, 2017

Chair LaSata and members of the House Appropriations Subcommittee on Higher Education, thank you for this opportunity to speak to you about Northern Michigan University and some of our recent goals and accomplishments.

Let me start by saying that Northern Michigan University is grateful for the Governor's and the State Legislature's continued support of our university. If you have not been to our campus, I invite you to make a visit to the beautiful Upper Peninsula. Come and learn more about us. I would be honored to introduce you to our amazing students, faculty and staff.

Introduction to NMU

Northern has been one of the state's higher education institutions since 1899, and is the largest in the Upper Peninsula with about 8,000 students. Northern is also a rural, comprehensive university, which is reflected in the broad scope of degree programs offered ranging from diplomas and certificates to associates, bachelors and masters to our new Doctorate of Nursing Practitioner, which will celebrate its first graduates in May. In addition to our baccalaureate and graduate offering, Northern also has a robust menu of career-technical programs. Our breadth and depth of academic programs reflects the important role in fulfilling the educational, and subsequent economic development, needs of the Upper Peninsula and beyond – which is a vast geographical area.

Marquette County, home to Northern's campus, on its own is the largest in geographical size in the state and is larger than nine U.S. states. In fact, it is the largest east of the Mississippi River. As the largest post-secondary institution in the region, Northern is the primary provider of an educated workforce that contributes much of the infrastructure of the educational, health-related, business and social/cultural fabric of this region. In nearly every career field– from the business owner to the HVAC technician, city manager to nurse, and school superintendent to hospitality manager – Northern provides the workforce. In your packets, a handout lists the highest demand job fields in Michigan through 2024. Those marked in yellow indicate the fields Northern has academic programs for and the fields where you will find our graduates across the region and throughout the state. In fact, we produce 38 of 50 of the fast-growing jobs in Michigan. We help produce the electricians, plumbers and pipefitters, as well as the accountants.

However, Northern has some challenges because it is a rural, comprehensive university. Rural universities, regardless of where they are located, have issues that are very different than urban, metropolitan schools, including fewer internship and clinical sites, and a smaller pool of instructor candidates to teach courses; higher transportation costs; rapidly increasing utility costs; and we spend more on snow removal. Being Michigan's only rural comprehensive university puts Northern Michigan University in an unusual position, because we are offering the depth of programs and services that rival much larger urban schools with fewer available resources.

Despite our great breadth, we are – and have been for years – the second most affordable in tuition and fees in the state. In addition, our affordable tuition includes a computer, all software, free Internet access on and off campus, and nearly 24 X 7 technical support to students. We developed this technology initiative as a way to cross the digital divide, making sure that all students had equal access to technology regardless of their financial status.

Investing in Innovation

Our nearly 20-year technology program, which has been recognized many times at the national and international levels, is a good example of Northern's historic creative personality. Through our 118-year history we have had many transformative periods, but possibly none more than today. Higher education is in the midst of a major transformation and Northern intends to be one of the trendsetting universities. To do this, our campus community put a focus on bold action in the development of the university's new strategic plan, which we titled "Investing in Innovation: The vision and courage to lead transformational change." Our university community has made a commitment to become even more strategic in our goals to be a driver in innovative academic opportunities and economic development than we've ever been.

Among the exciting ideas we have already put into action is our new forensic anthropology program. This program will feature an outdoor forensic laboratory that will be only the 8th such facility in the world and the only cold-weather laboratory to study human decomposition. In addition to training Northern students in forensic sciences, this lab will be available to train law enforcement and search and rescue teams.

Another initiative is our new Autism and Behavior Evaluation and Research Center, which will offer services to children and families across the U.P. that are greatly needed. It will also offer outstanding hands-on learning to our psychology students.

Two examples of programs that have been up and running for more than a year or so include the Northern Promise and Invent@NMU. The Northern Promise is a cooperative effort with the U.P.'s high schools to offer concurrent enrollment, Middle College and jump-start courses. We are especially pleased with the growth in concurrent enrollment because we know how it both helps college-bound students with the transition from high school to university and saves students (and their families) money and time to their degrees.

Invent@NMU is an award-winning student-run product development program. It has received non-stop attention across the state and beyond since it opened its doors in October 2015, including from the Governor, who is a big Invent@NMU supporter. Invent@NMU's motto is that it is the place to take an idea from the back of a napkin to market. We do this using highly talented students to assist with product and market research, product design, marketing materials and all the stages of product development. The center has considerable interdisciplinary collaboration among many academic programs, including some of the career-technical area. This gives students of different types of programs – CTE through master's degrees – excellent hands-on product development experience.

Invent@NMU has had nearly 200 ideas walking through its doors since opening. These ideas have come from students, faculty, staff and from community members throughout the U.P. and beyond, including a retired miner from Negaunee who invented the Paint Brush Scrubber in his home and a Lansing resident with U.P. ties who had an idea for accessorizing commercial trucks. It is an inspiring place to work and learn. Invent@NMU works very closely with the new Innovate Marquette SmartZone.

An Innovation Technology Leader

I already mentioned Northern's long-standing technology program, but one of our most exciting projects this year has been a technology initiative we call the Educational Access Network, or EAN. This initiative has the potential to literally transform educational opportunities and economic development throughout the Upper Peninsula and beyond.

Over the years, as wireless technology was developed, Northern began to build a wireless network – first on campus and then off campus as well. We realized that the majority of our students didn't have access to the network unless they were on campus. Thus, we set up to cover Marquette County with a wireless network that grew to about 40-square miles across the central Upper Peninsula. Throughout the process, we have always shared our wireless broadband network with the K-12 schools, public safety personnel, tribal communities and government agencies in the cities and townships the network covered.

As Northern became involved in offering a Middle College and concurrent enrollment opportunities, we began to discuss if we could provide the NMU wireless network across the entire peninsula so that any U.P. student – pre-school through lifelong learner, and especially those in the most rural areas – could have one of the most essential

learning tools of the 21st century – high-speed Internet access. Last spring we received FCC approval to expand our license to cover the 21,000 square miles of the U.P. By the way, we are the only university in the U.S. to receive this approval. We officially launched the EAN in November and it has been rapidly growing since. The EAN includes Northern's Global Campus for online courses and degree programs, professional and personal development and workforce training, and the NMU LTE Network. Our goal is to have NMU LTE cover the entire U.P. in two years, maybe sooner.

If you have ever been to the U.P., you are well aware that our region has very spotty wireless reception, in part because of our geographical makeup of rocks, trees, water, hills and limited broadband access. What the EAN is doing is bringing reliable, low-to-no cost educational broadband to schools and students (as well as first responders and city government agencies) across the Upper Peninsula. I have to tell you, when we agreed to light up the little town of Watersmeet, an area that had very limited Internet access, you could not have had a more grateful bunch of school administrators, teachers, students and community members. Watersmeet schoolchildren will be able to do homework using the Internet while in their homes – they won't have to go to the library or school – and business leaders can do workforce training onsite without having to send employees to travel hundreds of miles. The U.P.-wide network also helps Northern grow its distance learning opportunities related to online degree programs and courses, personal and professional courses and business and industry training. It helps the area in retraining and workforce development.

This kind of comprehensive wireless access across the entire peninsula is a game changer for education and economic development. When completed, it means that one third of the state's land mass will have reliable, affordable educational Internet access. It aids the area in the collective goal to have the most educated workforce possible in the region. It also means no more nightly trips to McDonald's for the mom I met in rural West Ishpeming Township, who daughter would spend three hours doing homework there because that was the closest and most affordable Internet access they had before our EAN was offered.

First-Generation Students

Meeting the needs of all students, including first-generation students, is important to Northern. The committee asked about first-generation students at our university and I'll share with you some of our efforts in that area. About one third of Northern students are first-generation students. These students face normal college challenges, but they also don't have the general knowledge and experience passed on from parents and siblings who have completed a college degree. Things such as:

- Applying for and using federal financial aid is much better than putting your tuition on a credit card.
- Visiting a college campus before the fall semester begins is a good idea.
- You should move into your residence hall as soon as they open instead of the night before classes begin, and you will need to bring sheets, towels, hangers, and a pillow.
- Smart students use available tutoring services, especially if they are free.
- Connecting with student organizations will enrich your college education.
- Talking with your professor outside of class is a good thing.
- You should use appropriate email etiquette.
- Withdrawing from one class may be okay, but withdrawing from half of your classes is not.

To help these students, Northern developed a First-Generation Student Program. Staff in that program meet with students for advising on academics, campus and community resources, employment, student organizations, housing and more. Prospective students and families visiting NMU can also meet with staff members of the program to discuss if the student and family are on track for college-related activities and requirements. Our program makes available to current and incoming students information about faculty and staff who were first-generation students. We produce a first-generation student electronic newsletter, have a specific first-gen Facebook group and a student organization for first-gen students called First Wildcats that holds several social events each semester. We also have a first-generation closet that houses donations from campus and community members such as bedding, toiletries, winter gear and school supplies to ensure that our first-generation students have the basic needs for college.

We also have staff who work with any Northern students, including first-generation students, to understand the complexities of financing one's college education. Of course, our second-most affordable tuition and fee rate in Michigan is a major step to affording a college degree for all students, especially first-generation students. We also try to make available as much information as we can on how to manage debt. This is done through one-on-one and group financial aid sessions, as well as SkillBuilder workshops and presentations made by our Center for Economic Education and Entrepreneurship.

Reverse Transfer Agreements and Partnerships

The committee also asked about reverse transfer agreements and academic partnerships. Northern Michigan University currently has active reverse transfer agreements with eight of our community college partners and articulation agreements with five. The reverse transfer agreement schools (*articulation agreement schools) are:

- Bay de Noc Community College*
- Delta College*
- Gogebic Community College*
- Kalamazoo Valley Community College
- Lake Michigan Community College
- Macomb Community College*
- North Central Michigan Community College*
- Northwestern Michigan Community College

What we have done that has been immensely helpful to the transfer student population is develop transfer guides with every community college in Michigan. Transfer guides function very similarly to articulation agreements, but do not require the formal approvals. Currently, we have over 1,400 transfer guides available to students and advisers at both NMU and at each of the colleges/universities guides have been developed for, covering most of the programs for which a transfer program exists. These guides are updated annually to ensure their accuracy. The guides can be found on our transfer student website at nmu.edu/transfer.

The Performance Funding Formula

One of the other topics the committee asked Northern to comment on is the current performance funding formula. Northern has no issues on the current metrics of the formula or with being evaluated by such a formula. We are grateful that the performance funding formula metrics have been consistent over the past several years as this aids universities in their planning and budgeting as well. We appreciate that we are measured against peer institutions as this takes into consideration the breadth of variety that the 15 public universities offer.

On Being High Quality and Affordable

At Northern, we are both proud and challenged by our very affordable tuition and fees. Again, Northern has the second most affordable tuition among the Michigan 15 universities, and when one accounts for university-provided financial aid, we have the lowest net tuition. This affordability serves our students and their parents well, but it creates challenges for fostering innovation. The state's current use of tuition restraint in its funding model is particularly difficult for universities that have the most conservative tuition rates. University programs and facilities cannot be static things; they must be ever evolving in order to provide the students with the learning opportunities and training equipment they need. They need investment.

To remain as affordable as possible, NMU has continued to restructure its colleges and staff, review academic program offerings, make changes to facilities to increase energy efficiencies, privatize some business operations – most recently our bookstore – and enter into partnerships with other universities, K-12 schools, businesses and universities where doing so means cost savings. In fact, from FY2011 to FY2016, excluding financial aid, NMU expenditures decreased a total of about \$1.16 million, or a 0.22% average decrease per year. (Interestingly, institutional financial aid that we've provided students over the same time period increased by \$4.56 million or 31.8%.) Northern is an exceptionally lean organization. Yet, we always look for ways to save before we look to

increase tuition, but now NMU is at a point where we must invest, and, that is a challenge in a tuition-restraint funding model when you have low tuition and fees.

Not only is there little opportunity for investment for universities with low tuition in the current tuition restraint language, but the gap between the most expensive and least expensive universities gets wider each year the state mandates a percentage-based tuition restraint cap. That is why we were so pleased to see that the Governor's executive budget included both a percentage-based tuition restraint cap and a hard dollar cap.

To paint the picture of why percentage-based caps are so detrimental to low-tuition institutions, consider that this past summer both Northern and our U.P. neighbor up the road, Michigan Tech, raised tuition at exactly the same percentage, 4.2%. However, with Northern having the second lowest tuition and Tech having the highest, the revenue difference of 1% between the two schools was \$60 per student, which came to nearly \$360,000 more revenue for Tech per each 1% increase in tuition. Overall, that resulted in Tech generating approximately \$1.5 million more than Northern for the exact same tuition increase – despite Northern being the larger university. We are pleased for Tech that it can generate the funding it needs to create new programs and services and to invest in new facilities and upgrades to older ones – these are all good things for the Upper Peninsula. But it is frustrating for Northern Michigan University that we do not have the same opportunity to invest in innovation and maintenance in the same manner.

We hope that the House and Senate subcommittees realize how important it is to keep a dollar-figure option in this year's higher education funding bill.

Two Additional Items

There are two other topics I'd like to briefly touch on as part of my testimony.

The first is that each year Michigan's public universities are forced to fund the Michigan Indian Tuition Waiver. This creates an unfair burden on universities that have a higher number of Native American students on our campuses. This is a state mandate that is not fully funded by the state and the subsequent result impacting some universities more than others needs to be addressed.

Another issue that is important for me to address is the recommendation to change TIP funding for universities offering less-than-baccalaureate programs. The executive budget proposes intent language that would limit university TIP associate degree students to twice the in-district community college tuition rate. This proposal would reduce support for university students by about one third, making it difficult for them to attend and significantly raising their student debt. With this change, Northern students pursuing certificates, diplomas and associate degrees stand to collectively lose \$1.5 to \$2.1 million in financial aid. Considering that students who qualify for TIP funding are some of the most financially challenged of all students attending Michigan post-secondary institutions, this is of grave concern.

Northern has 1,065 students currently enrolled in associate/certificate/vocational programs. This semester, we have 470 who are receiving TIP funding, which is 42.6% of our less-than-baccalaureate undergraduate population. Of our TIP Phase I students, 82.6% are Pell-eligible students, meaning they are the highest need students. We suggest that the House and Senate subcommittees consider intent language that would require TIP applicants to complete the Free Application for Federal Student Aid (FAFSA) and to be Pell Grant eligible as this approach would reduce TIP costs more than the proposed intent language.

This change in funding primarily impacts students at five universities – Northern, Ferris, Lake State, Michigan Tech and Michigan State. In the case of the three U.P. schools and Ferris, our universities are serving the community college function for our counties – there are no community colleges within a short distance from our campuses. The fact that universities asked to serve the community college for their area are funded differently than the state's designated community colleges does create differential tuition, but the state has already initiated a phase down of funding this current year and over the next year for any courses a student takes at a university that does not apply to their certificate or associate degree. This ensures that the TIP award is being used for the purpose it was created and that is to help students complete their certificate/diploma or associate degree.

The \$1.5 to \$2.1 million potential loss in financial aid due to this change is a direct hit to Northern students. It does not include the financial burden that the university might incur. Northern estimates the potential for an additional \$800,000 needed for university financial aid to meet current eligibility standards for university awards that current TIP recipients do not currently qualify for but would if their TIP funding is drastically reduced.

I am confused as to why the state would want to punish current and prospective TIP-eligible students whose community college option is one of the public universities serving the community college role. It seems unfair to threaten access to post-secondary credentials to students with high need and limited resources.

Conclusion

Thank you again for your consideration of these matters and thank you for the time to address this committee. I am completing my third year as Northern's president and I continue to be impressed with our university's high-quality programs, faculty, staff and students. Our new strategic plan demonstrates the campus community's innovative thinking and I'm excited about the initiatives we hope to undertake.

Northern is committed to being a leader in high-quality educational opportunities that make completing post-secondary degrees and certificates as easy and as affordable as possible. We're also committed to being a leader in economic growth in the Upper Peninsula, the Great Lakes region and Michigan. Our university looks forward to continuing to contribute to the state's future.