

## Comments on the FY 2025 Executive Budget Recommendation for Higher Education

### House Appropriations Subcommittee on Higher Education and Community Colleges



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## Public Universities' State Funding Priorities

### Increased State Support

- 1) Institutional operating dollars
- 2) State financial aid (Michigan Achievement Scholarship)
- 3) Sustained capital outlay investments
  - Related: Deferred maintenance monies for campus upgrades (ITEMS payments)

### *The result?*

Increased college affordability, college enrollment, academic quality, student success, stronger workforce, higher personal incomes

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# State Investment in Public Universities -- Recent Reinvestment --

- FY 2024 higher education budget: The best in years.
- 5% operations increase
- Floor funding (institutional funding equity)
- \$79M ITEMS funding (Infrastructure, Technology, Equipment, Maintenance, Safety) First ITEMS \$ in 20+ years!
- MPERS debt relief for seven universities
- \$50M in statutory intended deposit in Postsecondary Scholarship Fund (Michigan Achievement Scholarship)
- Major streamlining of institutional reporting requirements

***Let's keep the reinvestment momentum going!***

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## MASU's Request

## Executive Recommendation

**Operating Support: +5.2%**

**+2.5%**

**Continuation of ITEMS Funding**

**Not Included**

**Capital Outlay Projects**

**Not Included**

**Michigan Achievement Scholarship Build-out**

**Included**

*Below original Statutory Intent of \$50M based on updated cost estimate*

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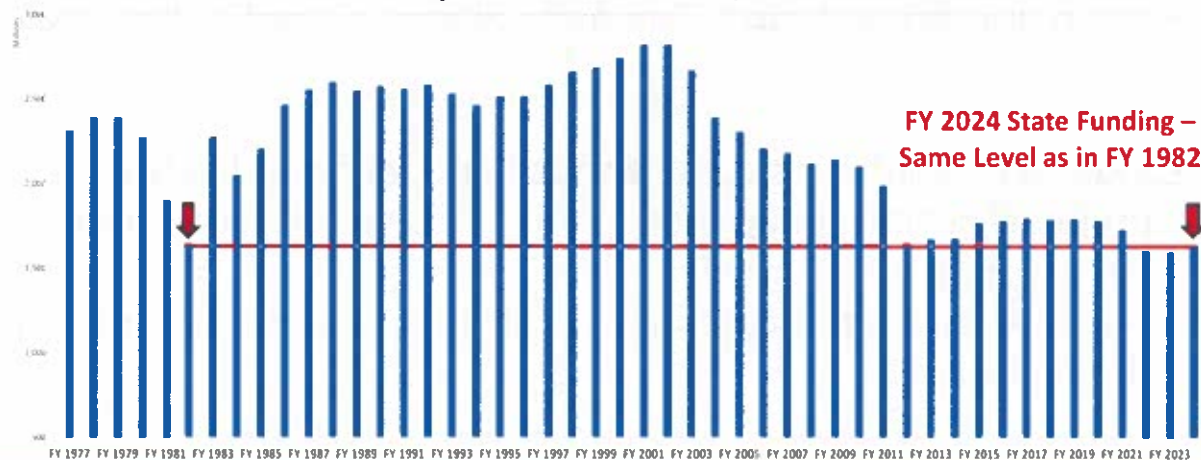
## State Investment in Public Universities -- The Bigger Picture --

- Michigan's rank in per capita state fiscal support for higher ed
  - 2001: 20th 2023: 41st
- 72% (\$274) of the national average (\$378) in per capita funding
- State appropriations to universities since 2011: \$364 million *reduction* (-18%) (inflation-adjusted). Almost \$1.2 billion *reduction* since 2002.
- Current funding on per-full time student basis:
  - Community colleges: \$11,156 (110% of U.S. average)
  - Public universities: \$7,684 (80% of U.S. average)
- Consumer Price Index Dec. 2021—Dec. 2023: **+10.7**
- Operations dollars are essential for steady planning, boosting student supports, and minimizing tuition and fee increases.

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## State Investment in Public Universities -- The Longer View --

Michigan Public University Base Operations Appropriations  
Adjusted to FY2024 dollars, CPI-U



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## ITEMS Funding

### *Infrastructure, Technology, Equipment, Maintenance, Safety*

- Michigan's 15 public universities: \$4.4B in combined deferred maintenance needs
- Collective age of the 15 campuses: 1,767 years!  
Eight campuses established in the 19<sup>th</sup> Century.
- Our campuses are among the state's most premier public assets—let's maintain them accordingly.
- ITEMS dollars are for deferred maintenance. Capital outlay authorizations are for new buildings. Separate purposes. Separate funding sources. Decouple the two as it involves allocation to the universities.

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## Capital Outlay Project Authorizations

- Maintaining world-class teaching and research facilities is vital
- Much-appreciated capital outlay packaged passed in Nov. 2023

### *Requests:*

- Moving forward: consistent (**annual**) and measured (**a few projects**) capital outlay authorizations instead of a feast and famine cycle.
- Again, decouple any campus capital outlay authorizations from ITEMS dollars.

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## Proposed Community College Guarantee

***Appreciation for a focus on increasing educational attainment!***

But.....Some potential impacts on the public universities & students.

- Likelihood of decline in freshmen and sophomore enrollment.
  - Data from TN showed an enrollment drop at regional public universities once the TN Promise took effect.
  - When backing out FSU, LSSU, NMU (serve CC missions), 11 of 12 remaining universities have a community college within 6 miles of campus.
  - Will this draw in new students or just reshuffle existing students?
- MI public universities delivered 1.8M credit hours to resident freshmen and sophomore students in FY2022. That's roughly \$871M in gross tuition & fees revenue, equal to over half of all operations funding.
  - The same enrollment decline as witnessed in TN would equate to a \$108M tuition revenue loss.

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## Proposed Community College Guarantee

Alternative or Complimentary Approaches

- Include public universities as originally proposed by the Growing Michigan Together Council
- Provide one year tuition free at either a community college or public university
- Eliminate "last-dollar" component of MAS; making award a flat amount, packaged before refundable Pell Grant, to maximize impact of Pell.
- Increase MAS award for students enrolled at a public university - \$7,800 would equate to half of average tuition and fees.

**In sum: Help public universities continue to drive enrollment and meet the state's educational attainment and workforce goals**

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## Michigan Achievement Scholarship

- We are not currently meeting the projections made of student eligibility when the program was initially designed.
- Financial aid in the U.S. is currently unstable because of federal delays in the new FAFSA.
- MASU believes that the gap in expenditures plus the regular scheduled increase could be used to expand eligibility for students in all three sectors to help meet original expectations.
- MILEAP is soon convening a workgroup to advise on MAS program administration, and we look forward to collaboratively participating to find program improvements in the coming months.

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## There's a University for Every Student



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