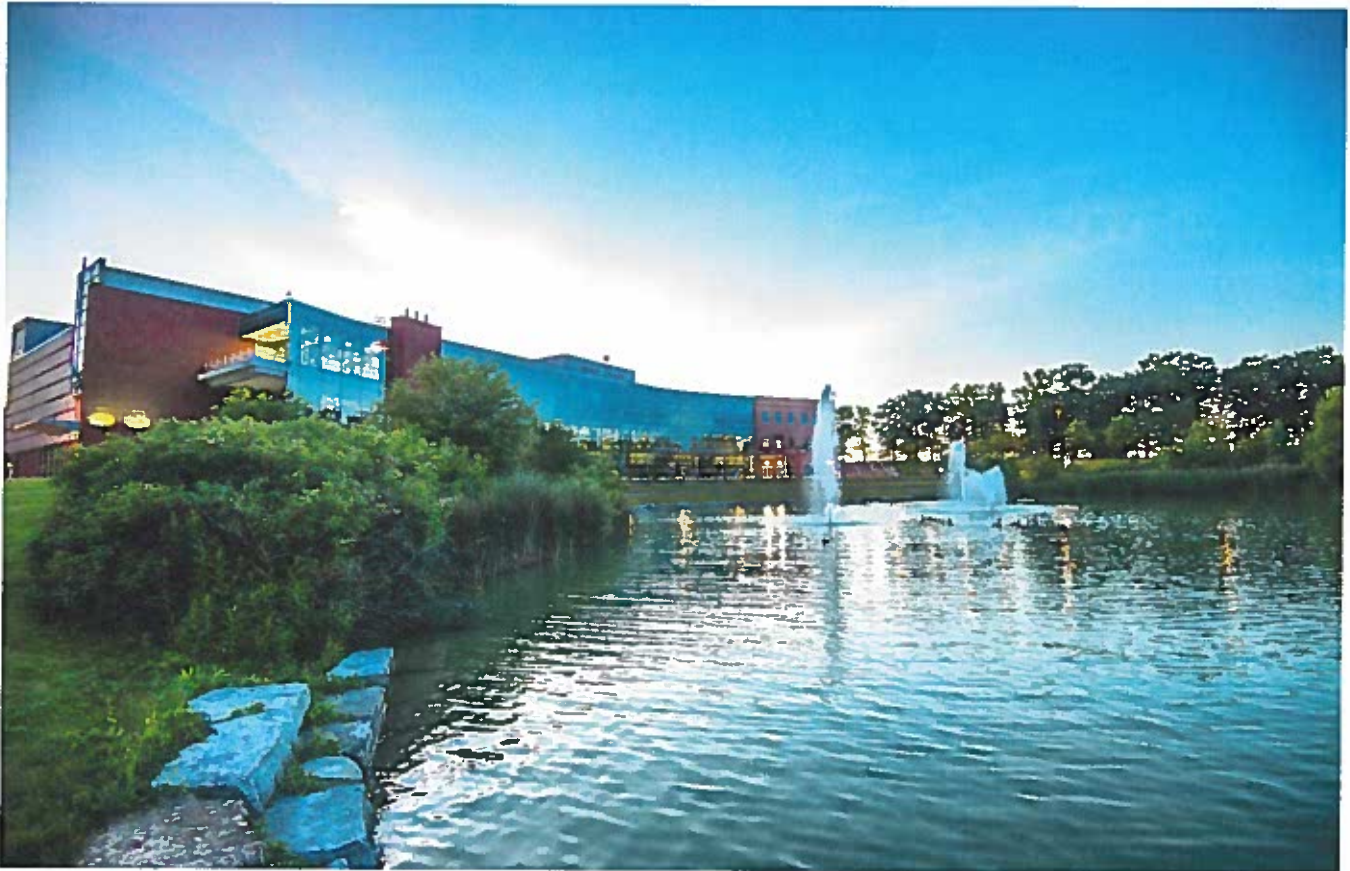




**Dr. James M. Smith, Ph.D.**  
**President, Eastern Michigan University**

Michigan House of Representatives Appropriations Subcommittee on  
Higher Education and Community Colleges

Thursday, February 14, 2019





## **INTRODUCTION**

Good afternoon.

Thank you, Chair VanSingel, and members of the Subcommittee, for inviting me to answer your questions and update you about the great things happening at Eastern Michigan University.

Higher education is changing rapidly – in demographics, technology and other ways. I look forward to providing a few highlights about what we are doing to respond to those changes, as well as some ideas for how the legislature could update the State’s higher education funding formula to respond to those changes.

## **GENERAL OVERVIEW OF EMU**

EMU is Michigan’s second oldest public university and home to almost 19,000 students. Nearly 90% of EMU students come from Michigan. Three quarters of our graduates stay in Michigan and we have over 120,000 alumni living in Michigan, in every county in the State. In other words, EMU students are from Michigan and EMU graduates stay in Michigan. We are proud to be an **institution of opportunity**.

It is part of our mission, and means we provide high quality higher education to Michigan students who might not otherwise have the opportunity to earn a college degree.

One-quarter of our first-year students are **first-generation students**, meaning they are the first in their family to attend college.

Eastern offers numerous programs to support first-gen students, including our **Mentor Collaborative**, which matches first-generation students with older students and trained alumni and based on common interests, backgrounds, or academic pursuits.

32% of Eastern's first-year students self-identify as **minority students**.

And 46% of our first-year students are **Pell Grant** recipients, meaning they are low-income.

Eastern has for years offered free tuition to eligible low-income students. Under our long-standing **Education First Opportunity Scholarship**, students who meet certain academic criteria and are eligible for a Pell Grant receive a scholarship from Eastern to cover the remainder of their tuition. In other words, if they work hard and do well, they earn their degree for free. **We were a pioneer in this field.**

Nearly 80% of Eastern students work while attending college – many with multiple jobs. Many students also have children. In partnership with the Ann Arbor YMCA, we launched a new child care program, called **The Collaborative**, to provide subsidized child care to the children of Eastern students.

**Military veterans** are also a vital part of our campus. We have one of the largest populations of veteran students in Michigan and were honored to be named by G.I. Jobs magazine as the #3 “Military Friendly” large public university in the country and #1 in Michigan.

I am pleased to be joined today by Nathan Eroh, a senior from Livonia majoring in electronic media and film. Nate is a U.S. Army veteran. During his six years of service, he obtained the rank of Sergeant and completed two tours of duty in Afghanistan in support of Operation Enduring Freedom, as well as deployments to Lithuania and the Republic of Georgia.

Nate is an outstanding representative of the community of veterans that has led us to receive the many honors regarding our support for veteran students.



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## SPECIALTY PROGRAMS

Eastern's history as an institution of opportunity dates back to our founding 170 years ago as a teaching college, and we have evolved over the decades to meet the changing needs of our students and the State of Michigan.

We offer hundreds of academic programs through undergraduate, graduate, and doctoral programs, in five colleges:

- Arts & Sciences;
- Business;
- Education;
- Health and Human Services; and
- Technology

I'll touch on a few key areas where Eastern stands out.

The demand is growing for well-trained health care professionals. Our **Physician Assistant** master's program is highly-selective and offers students outstanding training opportunities with our partner, St. Joseph Mercy Health System. PAs, as they're known in the profession, often earn more than \$100,000 per year.

Eastern's bachelor's in **Nursing** program is also highly selective and growing. It is difficult to grow nursing programs because of the lack of trained faculty and the lack of clinical training opportunities. To help unclog this pipeline, EMU partners with Washtenaw Community College. Students take courses at both WCC and Eastern, earn an associate's degree from WCC, and earn their bachelor's in nursing from EMU.

We also launched a unique program to help working nurses who already have their associate's degree earn their bachelor's degree. The program – which we call “**RN-to-BSN**” – is fully online and offers multiple start dates to accommodate the busy schedules of these working professionals.

Eastern has for years had a **Construction Management** program, which is particularly important as Michigan faces a growing demand and dwindling supply of construction professionals.

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**We are also focusing heavily on high-demand STEM programs. Our new Neuroscience undergraduate major has grown 400% in three years.**

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Our undergraduate **Aviation** programs are meeting a chronic shortage of flight professionals. Students learn about aerodynamics, advanced aircraft systems, and flight operations.

Our new master's program in **Finance** trains students in financial modeling, data analytics, and statistical analysis.

We are also focusing heavily on high-demand STEM programs. Our new **Neuroscience** undergraduate major blends chemistry, biology and psychology to train students for a variety of high-demand, high-wage professions after graduation. Enrollment has grown 400% in three years.

Michigan needs more well-trained engineers, which is why we launched new programs in **Mechanical Engineering** and **Computer & Electrical Engineering**.

To accommodate growth in engineering, we are expanding Sill Hall. The State ranked the expansion of Sill Hall #3 for a **capital outlay** award and I



urge the legislature to continue to invest in capital outlay, which is particularly important for universities such as Eastern that focus on students of opportunity and have older campuses with greater infrastructure needs. Our campus was founded in 1849 and many of our buildings were built more than 50 years ago.

Our new master's degree in **Cyber Security** offers many

courses online or in a hybrid model. Cyber defense is vital to everything we do today, and our new master's program complements our outstanding undergraduate cyber security program, which is a National Security Agency Center of Excellence and which has a job placement rate of nearly 100%.



## ENROLLMENT TRENDS

Eastern offers these unique programs, along with hundreds of others, because the demographics and demands of Michigan students are changing rapidly.

The number of Michigan high school graduates has declined and will continue to decline for years. The same is true in our neighboring states.

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**I have a personal goal to increase our international student enrollment.**

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I have a personal goal to increase our **international student enrollment** because such partnerships provide a mutual benefit to the students coming to the United States as well as the campuses they attend.

Another key focus for Eastern is **adult learners**. Here's a surprising statistic: there are nearly 700,000 working adults in southeast Michigan alone who have some college credits but no degree. These folks require flexible learning options and they desire real-world skills.

One example of how we serve these folks: Eastern recently launched the **Eagle Engage Corps** to welcome back students who earned credits at Eastern but withdrew before graduating due to financial problems. These students re-enroll and their debt is forgiven as they complete community service. The pilot program drew overwhelming interest.

## MANAGING COSTS

But the decline in enrollment of traditional 18-year olds also requires us to manage expenses.

Regardless of whether higher ed was "bloated" in previous decades, it is not the case today.

At Eastern, we have modified employee benefits programs and reduced our administrative headcount.

Our total expenses, in real dollars, declined by \$7 million, or 2%, between 2017 and 2018.

We also partnered with an international expert to manage our **dining** operation, which resulted in higher student satisfaction rates, higher net revenues, and new facilities.

And we recently opened our new **co-generation facility**, through which we generate most of our electrical and gas needs for the entire campus. This award-winning facility will cut our utility costs by more than \$2 million per year and dramatically reduced our carbon footprint.



### PERFORMANCE FUNDING FORMULA

Eastern's laser-focus on student success, offering high-demand programs, and managing costs aligns with the State's funding formula and we are pleased that we tied for **first place** in the 2019 performance metric scores.

We are grateful for the State's recent increases in higher education funding.

Your money is well invested, and I encourage the subcommittee to continue that momentum. Michigan still provides less funding for higher education than it did in 2003. For Eastern, we received \$8 million less from the State this year than we did in 2003 – and that's before adjusting for inflation.

In light of the rapidly evolving higher ed landscape, however, the legislature has an opportunity – and I believe a need – to update the funding formula. I have a few suggestions.

In general, the formula needs to focus on increasing enrollment among **traditionally under-represented groups**.

Unfortunately, the portion of the current funding formula that focuses on six-year graduation rates excludes most non-traditional students.

The six-year grad rate measures only those students who enroll at a particular four-year university on a full-time basis after high school and stay at that university on a full-time basis.

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The formula excludes every student who transfers from a community college to a four-year university, or transfers between four-year universities, or stops-out temporarily due to a financial or medical challenge, or enrolls part-time for any reason at any time, or stops-out temporarily to deploy in the military.

Eastern is proud to have more community college articulation agreements than any other university—over 140. At a typical Eastern graduation ceremony, over 60% of students who walk across the stage to receive the diploma they earned have community college credits.

But the six-year graduation rate treats all transfer students, part-time students, and military deployments as drop-outs – even if they earn a bachelor’s degree from a Michigan university.

**I encourage the legislature to revise the formula to capture transfer students, adult learners, and other non-traditional students.**

One possible way to do that: start using the new student outcome measure developed by the Center for Educational Performance & Information, which includes both first-time students and transfer students.

I also suggest tying funding to the percentage of students who have community college credits. That will further promote seamless and affordable partnerships between community colleges and universities.

We appreciate that Pell Grants are included in the funding formula. That is important because, for a variety of reasons, it costs more money to educate non-traditional and low-income students. I suggest, however, modifying the formula to give more weight to those **Pell students who are from Michigan.**

## **CLOSING**

In closing, thank you again for inviting me to share updates with you about Eastern Michigan University. I invite you to visit our campus to learn more about our work. I would be happy to answer any questions.

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