

**Commentary on State Investment in Higher Education
and the Economic Impact of College Attainment**

*House Appropriations Subcommittee on
Higher Education*



*Daniel J. Hurley, CEO
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Agenda

- Campus sexual assault prevention and response
- FY 2019 Executive Budget recommendation
- State higher education funding: the longer view
- Economic impact of educational attainment
- Q&A



**Commitment to Campus Sexual Assault Prevention
and Response**

- Diligence in ensuring campuses are safe places to learn, live, and work
- Extensive and continual outreach on sexual violence prevention (Sec. 274c reports)
- Transparency in reporting (Clery Act / Sec. 245 transparency website / Sec. 274d report)
- MASU Title IX Directors committee
- MI State Police sexual assault prevention program
- Campus sexual assault prevention summits



FY 2019 Executive Budget Recommendation for Higher Education

FY 2019 Executive Budget Recommendation for Higher Education

Operating Support


- 7th consecutive year of state reinvestment
- +2% (\$29.8M) distributed half across the board, half through formula funding
- Collective restoration of state operating support (WSU still below FY 2011 level)
 - Non-inflation: 2.6% Inflation-Adjusted: -7.7%
- Tuition Increase Incentive: 3.8% or \$490, whichever is higher

Student Financial Aid—Michigan Competitive Scholarship

- Michigan Competitive Scholarship: \$6M increase (available to students attending public and private colleges)
- Tuition Incentive Program: \$1.5M increase
- Michigan Indian Tuition Waiver: \$300K reduction

Capital Outlay

- No projects recommended, despite increasing scores



Longer Term Trend: State Higher Education Funding

**STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS
TOTAL COMPARED IN SELECTED BUDGET AREAS
(Millions of Dollars)**

Subject Area	FY 2007-08	FY 2017-18	Dollar Difference	Percent Change
	Year-to-Date Appropriations	Initial Appropriations		
Health and Human Services	\$6,314.5	\$6,799.9	\$285.4	4.4%
Corrections	2,066.2	1,987.8	(78.5)	(3.8)
K-12 School Aid	11,421.8	12,851.9	1,430.1	12.5
Community Colleges	318.9	309.3	80.4	25.2
Higher Education	1,771.5	1,517.7	(253.8)	(14.3)
Nonrevenue Sharing-Constitutional	688.2	798.1	109.9	15.9
Revenue Sharing-Nonconstitutional	388.2	480.1	91.9	23.7
All Other Programs	5,777.9	7,296.2	2,518.2	38.4
Total State Spending	\$28,441.3	\$32,131.1	\$3,689.8	13.0%
Addendum:				
Medical Caseload	1,500,654	2,450,000	899,348	58.0%
Prison Population	51,454	41,148	(10,306)	(20.0)
K-12 Pupil Count	1,852,565	1,486,500	(166,065)	(9.0)
University Students	254,231	260,817	6,586	2.6
Community College Students	148,234	125,388	(20,848)	(14.1)
Michigan Personal Income (millions)	\$353,728.0	\$471,424.3	\$117,696.3	33.3%
Detroit Consumer Price Index	204.8	230.0	25.4	12.4%

Source: SRS, State Budget Overview, October 1, 2017

State Investment in Higher Education --The Longer View--

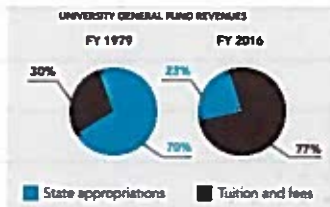
- Michigan's rank in per capita state fiscal support for higher ed
2001: 20th Today: 43rd
- Trend since 1980 (past 38 years) – reaches zero in 26 years

State University Operating Support

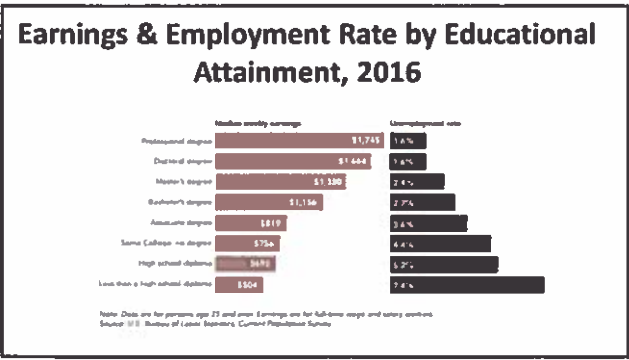
2001	2017
\$2.2 Billion	\$1.4 Billion
\$9,618 per full-time student	\$5,392 per full-time student

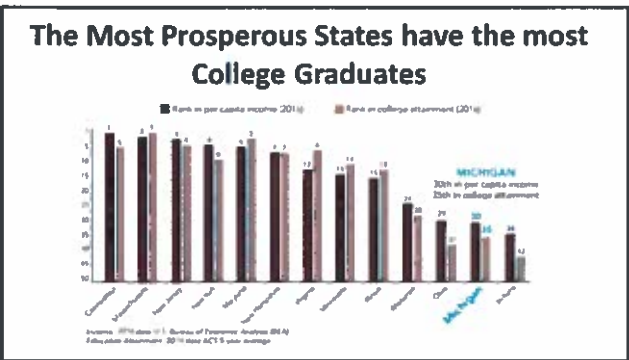
... a 44% decrease in state funding per-student (excludes support)

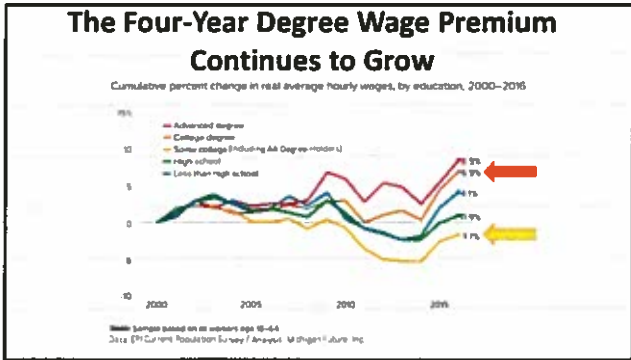
The State-to-Student Cost Shift in Paying for a Public University Education



Economic Impact of Higher Education Attainment







Earnings and Job Security:

Just the tip of the iceberg in measuring total (lifetime) value of college attainment

Study by Philip T. Hoxby, Professor of Economics and Public Policy, Margaret Chase Smith Policy Center and School of Economics, University of Maine

Source: The Tip of the iceberg: Change the Supply of Higher Learning, May 2017

- ### A More Accurate Portrait of the Value of College Attainment
- **Lifetime Taxes Paid**
 - Federal, social security, state, property, sales
 - **Public Assistance**
 - Medicaid, food stamps, school lunches, cash assistance, energy assistance, housing subsidies
 - **Social Insurance**
 - Unemployment insurance, supplemental security, disability, workers' compensation
- Philanthropic Contributions: Not factored in, but very relevant**
