Higher Education
Press Roundtable
February 8, 2019

Daniel Hurley, CEO
Discussion Agenda

• Higher Education: Key to Michigan’s prosperity
• Trend in higher education state funding
• Demographic challenges
• Actions by Michigan’s public universities to boost student success, attainment
• Summary / call to action for state leaders
• Open discussion
Higher Education: Key to Michigan’s Prosperity
HOT 50: Michigan’s high-demand, high-wage careers

Of the 50 high-demand, high-wage occupations in Michigan through 2026, 36 require a four-year college degree or higher.

Annual HOT 50 job openings requiring a four-year degree: 51,100.
Annual HOT 50 job openings not requiring degree: 30,290.

Source: Michigan Bureau of Labor Market Information and Strategic Initiatives
Michigan needs 175,000 new university grads — and 126,000 new certificate/associate grads

Estimated need by 2020

Oversupply
- HS Diploma or less: 301,667 (35.4%)
- Some College, Associate or Certificate: 126,521 (30.0%)
- Bachelor's Degree: 171,214 (18.7%)
- Graduate or Professional: 4,000 (10.9%)

Undersupply
- HS Diploma or less: 126,521 (30.0%)
- Some College, Associate or Certificate: 171,214 (34.5%)
- Bachelor's Degree: 4,000 (18.7%)
- Graduate or Professional: 11,000 (11.0%)

Source: Georgetown Center for Education & the Workforce
Return on Public Investment in a College-Educated Workforce
The Four-Year Degree Wage Premium Continues to Grow

Cumulative percent change in real average hourly wages, by education, 2000–2016

Note: Sample based on all workers age 18–64.

College grads earn more, have greater job security

Unemployment rates and earnings by educational attainment, 2017

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Unemployment Rate (%)</th>
<th>Median Usual Weekly Earnings ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctoral degree</td>
<td>1.5</td>
<td>1,743</td>
</tr>
<tr>
<td>Professional degree</td>
<td>1.5</td>
<td>1,836</td>
</tr>
<tr>
<td>Master's degree</td>
<td>2.2</td>
<td>1,401</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>2.5</td>
<td>1,173</td>
</tr>
<tr>
<td>Associate's degree</td>
<td>3.4</td>
<td>836</td>
</tr>
<tr>
<td>Some college, no degree</td>
<td>4.0</td>
<td>774</td>
</tr>
<tr>
<td>High school diploma</td>
<td>4.6</td>
<td>712</td>
</tr>
<tr>
<td>Less than a high school diploma</td>
<td>6.5</td>
<td>520</td>
</tr>
<tr>
<td><strong>Total: 3.6%</strong></td>
<td></td>
<td><strong>All workers: $907</strong></td>
</tr>
</tbody>
</table>

The Same Holds True for States Collectively: The Most Prosperous States have the most College Graduates

Income: 2016 data U.S. Bureau of Economic Analysis (BEA)
Education Attainment: 2016 data ACS 5-year average
A More Accurate Portrait of the Value of College Attainment

Factoring In:

- **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

*When it comes to college attainment, increased earnings and job security are just the tip of the iceberg!*

Study by Philip Trostel, 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 Magazine of Higher Learning, May/June 2017
Net Lifetime Fiscal Impact of College Attainment

Lifetime Taxes Paid, minus Public Assistance and Social Insurance

College Degree vs. High School Diploma:

$355,113 more in net lifetime fiscal impact

In Sum: Increased college attainment generates greater tax revenues and reduces the need for government spending on public assistance and social insurance.
Trends in Higher Education State Funding
Higher Education: The only area of state disinvestment during the past decade

<table>
<thead>
<tr>
<th>Budget Area</th>
<th>FY 2008-09 Year-to-Date Appropriations</th>
<th>FY 2018-19 Initial Appropriations</th>
<th>Dollar Difference</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Human Services</td>
<td>5,445.1</td>
<td>6,958.9</td>
<td>1,513.8</td>
<td>27.8%</td>
</tr>
<tr>
<td>Corrections</td>
<td>1,832.5</td>
<td>2,002.8</td>
<td>170.3</td>
<td>9.3%</td>
</tr>
<tr>
<td>K-12 School Aid</td>
<td>11,097.8</td>
<td>13,040.7</td>
<td>1,942.9</td>
<td>17.5%</td>
</tr>
<tr>
<td>Community Colleges</td>
<td>299.4</td>
<td>408.2</td>
<td>108.9</td>
<td>36.4%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>1,576.2</td>
<td>1,546.2</td>
<td>(30.0)</td>
<td>(1.9%)</td>
</tr>
<tr>
<td>Revenue Sharing-Constitutional</td>
<td>649.1</td>
<td>835.3</td>
<td>186.2</td>
<td>28.7%</td>
</tr>
<tr>
<td>Revenue Sharing-Statutory</td>
<td>391.0</td>
<td>479.1</td>
<td>88.1</td>
<td>22.5%</td>
</tr>
<tr>
<td>All Other Programs</td>
<td>5,018.8</td>
<td>7,786.9</td>
<td>2,768.1</td>
<td>55.2%</td>
</tr>
<tr>
<td><strong>Total State Spending</strong></td>
<td><strong>$26,309.9</strong></td>
<td><strong>$33,058.2</strong></td>
<td><strong>$6,748.3</strong></td>
<td><strong>25.6%</strong></td>
</tr>
</tbody>
</table>

**Addendum:**

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2008-09</th>
<th>FY 2018-19</th>
<th>Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid Caseload</td>
<td>1,708,157</td>
<td>2,490,000</td>
<td>781,843</td>
<td>45.8%</td>
</tr>
<tr>
<td>Prison Population</td>
<td>48,010</td>
<td>38,815</td>
<td>(9,195)</td>
<td>(19.2%)</td>
</tr>
<tr>
<td>K-12 Pupil Count</td>
<td>1,619,744</td>
<td>1,480,000</td>
<td>(139,744)</td>
<td>(8.6%)</td>
</tr>
<tr>
<td>University Students</td>
<td>257,148</td>
<td>259,711</td>
<td>2,563</td>
<td>1.0%</td>
</tr>
<tr>
<td>Community College Students</td>
<td>157,225</td>
<td>124,868</td>
<td>(32,357)</td>
<td>(20.6%)</td>
</tr>
<tr>
<td>Michigan Personal Income (millions)</td>
<td>$339,681.2</td>
<td>$487,577.0</td>
<td>$147,895.8</td>
<td>43.5%</td>
</tr>
<tr>
<td>Detroit Consumer Price Index</td>
<td>202.8</td>
<td>235.4</td>
<td>32.6</td>
<td>16.1%</td>
</tr>
</tbody>
</table>

Source: Senate Fiscal Agency, State Budget Overview, October 1, 2018
Michigan’s rank in per capita state fiscal support for higher ed
2001: 20th  Today: 43rd
One-half the national average in per-capita support
State appropriations since 2011: $165 million reduction (inflation-adjusted)

State University Operating Support
(inflation-adjusted)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Per Full-Time Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$2.3 Billion</td>
<td>$9,511</td>
</tr>
<tr>
<td>2018</td>
<td>$1.4 Billion</td>
<td>$5,546</td>
</tr>
</tbody>
</table>

....a 42% decrease in state funding per-student
The State-to-Student Cost Shift in Paying for a Michigan Public University Education

![Pie chart showing the change in funding sources for a university from FY 1979 to FY 2017. In FY 1979, state appropriations accounted for 30% and tuition and fees for 70%. In FY 2017, state appropriations accounted for 23% and tuition and fees for 77%.](image)
State Financial Aid

- MI: Ranks 38th in state financial aid per student, $266
- 9th among 12 Midwestern states
- 2002: $262 million state investment; today 63% less
Michigan’s Demographic Challenges
Michigan: A Graying State

• MI: The #3 state – in forecasted decline in high school graduates
• Need to boost college enrollment among traditionally underrepresented groups
  • Low-income, first generation, minorities
• Need to close achievement gaps

The Michigan Forecast:
By 2031, 15,833 fewer high school graduates annually compared to today

2032: gradual turnaround begins

Source: Western Interstate Commission for Higher Education
https://knocking.wiche.edu/state-profiles/
Lower college going rates

% of senior class enrolled in college year after graduation

Source: Michigan Center for Educational Performance and Information
Confronting the Challenges

Actions being taken by Michigan’s Public Universities
Meeting the Challenges: Boosting Student Success

• Marketing to increase college participation
• Increasing student retention, degree completion
• Increasing affordability for low-income students
  • Institutional financial aid
    2002: $322 million    Today: $926 million
• Reaching out to working adults, non-degree completers
• Recruiting out-of-state, international students

The Goal: Increase educational attainment of Michigan’s population – despite stark demographic challenges
Meeting the Challenges: Efficiencies and Innovation

• Creating new, market-responsive programs; eliminating under-enrolled programs
• Implementing operating efficiencies, cost-savings
• Partnering with all stakeholders, especially community colleges. In 2017-2018:
  • 764 articulation/transfer agreements in place
  • 9,720 students enrolled in 4-year programs on community college campuses
  • 2,523 bachelors degrees conferred
  • New Michigan Transfer Network website and statewide transfer pathways coming
Statewide Enrollment Marketing Campaign
Poll Results Overview

How Parents View Higher Education

*When it comes to your oldest child, what is the highest level of education do you think they will achieve?*

- **47.9%** A four-year college degree
- **27.2%** A masters’ degree
- **8.3%** A doctorate
- **5.9%** An associates’ degree
- **2.4%** A skilled trades certificate
- **4.1%** High school diploma
- **1.2%** Will not graduate from high school

83.4%
Poll Results Overview

All respondents: What do you think is the biggest barrier to someone getting a college degree?

- 70.0%: Cost
- 5.5%: Future debts/loans
Make the Difference

Aspirational, not financial driven

Points out potential of savings
(40% avg. cost discount)

Drive to web site
GetMiDegree.org

- More info on college going
- Admission/Application pages
- FAFSA (access to scholarships/financial aid)
MASU Marketing Campaign
Analytics: 9/10-2018 – 1/31/2018

- Digital Impressions: 26,208,979
- Radio & Cable Impressions: 3,360,000
- Video Completions: 2,219,191
- Website Views: 116,391

GetMIDegree.org
Moving Forward:
A State—Higher Education Partnership
New Administration. 
New Legislators. 
New Opportunities!

Goal: Enhance understanding of vital importance of higher education to state prosperity 
- And the role state investment plays in college affordability and boosting educational attainment

More State Investment = Greater College Affordability

*It’s a matter of economic, civic and social prosperity for Michigan*
State University Priorities

Legislative Priorities—Increased State Support
1) Institutional operating dollars
   • Monitor status of School Aid Fund support for higher education
2) State financial aid
3) Sustained capital outlay investments

The result?
Increased college affordability, academic quality, and student success!
State University Priorities

- Proposal: Major state reinvestment in the Michigan Competitive Scholarship
  - Available to *all* students
  - New eligibility criteria to increase eligibility—while maintaining accountability
  - $50M annually for 8 years – MI top 10 state
Michigan’s Future is in College