



2024 Legislative Priorities

Three Priorities to Improve *College Affordability* and *Student Success* at Michigan's World-Class Public Universities

Priority #1: Increase State Operating Support for Public Universities to Improve College Affordability

Continue momentum in state reinvestment to power Michigan's workforce talent pipeline.

- Increase base state operating support for Michigan's public universities to improve college affordability.
- Promote a state higher education funding model that provides sufficient, predictable, and sustained public university operating support.

The top policy priority of Michigan's 15 public universities is for the state to provide sufficient, consistent, and sustained funding for institutional operations to keep college affordable for all students, and especially those from low- and middle-income backgrounds.

For two decades, the state's disinvestment in public higher education forced universities to raise tuition. The FY2023 and FY2024 state budgets for higher education included much needed increases in public university operating support. We thank policymakers for their wise investment over these past two years. However, even with these increases, the state's support for its public universities remains down by \$364 million since 2011, adjusting for inflation. Since 2002, state higher education operations funding is down almost \$1.2 *billion* with inflation.

Some national context on where Michigan stands regarding its fiscal support for higher education is also relevant. The 11.4 percent increase in higher education operating support over the past two years in Michigan is helpful to improving college affordability, but this figure is 43 percent less than the average two-year increases among all 50 states. Further, Michigan ranks 41st in state higher education funding support per capita.¹

In 1979, state funding accounted for 70% of Michigan public university operating revenues, with tuition dollars comprising 30%. Today, students and families provide a full 78% of institutional operating dollars. Only 22% of university base operating revenues came from the state in 2023.

Michigan admirably funds its community colleges at \$11,156 per fiscal year equated student (FYES), or 110% of the national average. But the state only funds its public universities at an average of \$7,684 per FYES, which is only 80% of the national average.² This is not how Michigan can succeed at a time when the best paying jobs in highest demand require a bachelor's degree or higher. Workforce talent, not tax policy, is the currency that drives modern economic prosperity. Accordingly, continuing a sustained period of reinvestment in state operating support to Michigan's public universities will improve college affordability, leading to increased student enrollment and a stronger talent pipeline in the years ahead.

Priority #2: Continue the Planned Implementation of the Michigan Achievement Scholarship to Enhance College Affordability

Build on Michigan's historic investment in financial aid to ensure that less affluent students have the same ability to earn a college degree.

- Continue the phased-in implementation of the new Michigan Achievement Scholarship (MAS).
- Simplify administration of the MAS to guarantee students receive the aid they are promised and increase uptake of the award.

For years, steep cuts to Michigan's state-funded student financial aid programs had led to a diminished ability for students from lower-income households to afford a college education, despite tremendous investments by the public universities in the provision of institutional need-based grants. These cuts led to less affluent students facing higher loans to meet the costs of college, or worse, not attending a university at all.

For twenty years, state financial aid appropriations for university students languished. Michigan ranked last in the nation for state-funded financial aid per public university student in FY2022, and fifth lowest for aid per all public students.³ Michigan still ranked 40th in the nation for grant aid per capita, coming in at just above one-third the national figure for FY 2022.⁴

In a generational turn of events, included in the FY2023 state higher education budget was the new Michigan Achievement Scholarship (MAS), a game-changing turnaround in the state's investment in student financial aid and public university affordability. This much appreciated aid program is now helping low- and middle-income students better afford a quality public university education by contributing up to \$5,500 per student starting with spring 2023 high school graduates. The full grant equates to 27% to 45% of resident undergraduate tuition at the state's public universities. Nearly two-thirds of enrolling university students are expected to be eligible for the scholarship. However, as this program is being phased-in through 2028, we need policymakers' help in continuing with the multiyear implementation. MCL 388.1836j specifies that \$50 million should be added each year through 2028 to pay for the phase-in of the MAS.

According to State of Michigan data, there were nearly 41,000 MAS-eligible students in the first cohort of students (2023-2024 school year), with a projected \$178 million in program expenditures. However, initial data from the program's first year of implementation indicate that only 25,433 students received the MAS, with only \$53 million expended through the first half of the academic year. Given this significant underspend, a MASU priority is to eliminate the "first-dollar" and "last-dollar" components of the MAS, which is calculated by financial need, and to fully fund all MAS awards at the full \$5,500 level.⁵ We believe that given this underspend, these and other program changes could be made that are both affordable for the state and would increase the percentage of students receiving the MAS from the current two-thirds to the originally-projected three-fourths of each incoming class. Providing an fixed grant award for those who qualify will ensure that students and families know what to expect from state financial aid and can plan accordingly.

Priority #3: Invest in State Capital Outlay and Asset Maintenance to Provide High-quality Facilities and Campus Infrastructure

To compete for the best students, best faculty, and best research opportunities, it's vital that Michigan universities have high-quality facilities.

- Support a state capital outlay process that is conducted annually, is consistent and predictable, and provides the public investment needed to ensure continued world-class academics and applied research at Michigan's public universities.
- Continue the restoration of state payments for campus infrastructure, technology, equipment, maintenance, and safety enhancements, helping these institutions lengthen the lifespan and functional utility of the state's previous investments in campus assets.

High-quality academic and research facilities are vital to ensuring that Michigan's public universities remain competitive by continuing to deliver world-class education and creating the knowledge and talent that will power tomorrow's economy. Constructing technologically sophisticated and environmentally sound campus facilities requires a financing partnership between the state and its public universities. A much-appreciated set of capital outlay projects was authorized in November 2023. However, in general, these investments are infrequent and have dwindled over the years. It is important to return to a dependable cycle of a few projects annually to minimize uncertainty and to avoid extended delays in asset maintenance, or the sudden tightening of construction-related labor markets due to multiple institutions planning or building at once. The state capital outlay process should be conducted annually, be predictable and consistent, and include substantial public investment.

To maximize the lifespan of these important state assets, they need to be maintained. Universities are careful stewards of state assets, but they can only do so much maintenance and upkeep without state investment. There is currently more than \$4.4 billion in deferred maintenance needs at the 15 campuses. That means students' tuition dollars end up paying for critical campus asset preservation needs; monies that would be better utilized for direct instruction and student supports.

We are grateful to state policymakers for including in the state's FY2024 budget—for the first time since 2000—\$79 million allotted for grants to improve campus infrastructure, technology, equipment, maintenance, and safety (ITEMS). It is vital that after a nearly quarter-century absence of state funding for campus asset maintenance and enhancement, that this ITEMS funding is continued. Importantly, we ask that state monies allocated for campus improvements are decoupled from capital outlay project authorizations. In the current fiscal year budget, any institution that received a capital outlay project forfeited its ability to receive an ITEMS payment. Campus deferred maintenance improvements, public safety upgrades, and technology enhancements are vastly different than the construction of new campus buildings, and as such, should not be linked. We ask that this either-or investment clause be eliminated in the FY 2025 budget.

For more information on the state universities' collective policy priorities, including data sources, see MASU's 2024 Michigan Higher Education Public Policy Agenda, viewable online at www.masu.org/policy-reports.

¹ Fiscal Year 2024 State Higher Education Finance Report, State Higher Education Executive Officers. <https://shef.sheeo.org/>.

² Ibid.

³ Ibid.

⁴ 53rd Annual Survey Report on State-Sponsored Student Financial Aid: 2021-2022 Academic Year, National Association of State Student Grant and Aid Programs. https://www.nassgapsurvey.com/survey_reports/2021-2022-53rd.pdf

⁵ Michigan Achievement Scholarship Data Dashboard (1/16/2024): michigan.gov/mistudentaid/hs-counselors/mi-data-sharing-center/michigan-achievement-scholarship.