Michigan’s Public Universities
Moving Michigan into the Knowledge Economy
April 18, 2013

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Executive Director
Presidents Council, State Universities of Michigan
The Michigan Constitution creates a unique relationship between the public, the several branches of the state government, and the state universities. Under this constitutional structure, Michigan’s public universities are largely free from direct legislative control. Instead, they are governed by boards elected by the public or appointed by the Governor. Michigan’s public universities have been described by the Michigan Supreme Court as having “the dignity of fourth coordinate arms of the State government,” placing them in a position comparable to that of the other branches.

This constitutional structure is a principal reason for the tremendous success of Michigan’s public universities. It gives them the authority to govern their own affairs while also making them publicly accountable through their elected or appointed governing boards.
Higher Education in Michigan

Article VIII of the State Constitution:

• **Section 4**: Requires Legislature to appropriate funds to maintain Michigan’s 15 public universities.

• **Section 5**: Provides for elected boards of control for University of Michigan, Michigan State, and Wayne State.

• **Section 6**: Provides for appointed boards of control for remaining universities.

• **Section 5 and 6**: Grants each university board control and direction of all expenditures from institution’s funds.

*Because of the operational autonomy granted to the universities under the constitution, Michigan is the only state without a statewide board, commission, or agency specifically responsible for higher education administration or oversight.*
Michigan University Governance: Flexible and Market-Based

- Each board operates independently
- Boards accountable for key decisions, overall direction
  - Hiring of president/chancellor
  - Setting of tuition rates/enrollment targets
  - Entering of significant contracts
  - Strategic planning
- Accountable to their students’ needs
- Accountable to their regions’ needs
- Market driven efficiencies
- Results in positive competition — and cooperation
- Consensus among various states: Works better, costs less
- Other states moving toward Michigan model
The Presidents Council: advocating higher education as a public good and promoting its collective value in serving the public interest and the State of Michigan.

- Articulating how the state universities serve the public good through educational, social, and economic development;
- Providing research and information services to advance the policy and resource needs of the state universities;
- Enhancing the ability of the state universities to achieve effective institutional performance, autonomous governance and public accountability; and
- Convening forums of diverse stakeholders to develop a shared perspective on the value of public investment in higher education and the contributions of the state universities.
Committees of the Presidents Council

- Board of Directors
- Academic Affairs Officers
- Admissions Directors
- Alumni Directors
- Analytical Studies
- Business Affairs Officers
- Career Services Directors
- Chief Information Officers
- Extended Education & Professional Development
- Financial Aid Directors
- Public Information & Institutional Advancement
- Registrars
- State & Federal Relations
- Student Affairs Officers
Welcome to the Presidents Council

The Presidents Council, State Universities of Michigan, based in Lansing, is a nonprofit higher education association serving Michigan's 15 state universities.

Each year, Michigan's public universities serve about 303,000 students, focusing on the delivery of excellent undergraduate and graduate education and equal educational opportunity.

Guest Column: GVSU President Says Disinvesting in Roads and Education will be a Problem Down the Line

Disinvestment in education betrays the next generation – an outcome no fair-minded person should accept because too often repair is not possible. Read here.

WHAT'S NEW

Current News Feed

More Wrong Track on Education Policy
April 2, 2013/Michigan Future, Inc.

By Lou Glazer

Two important editorials highlight how far off track too many state policy makers are when it comes to education policy. And that the consequence of bad policy is harmful not just to Michigan kids (what matters most) but also to employers and the economy. Both are must reads!

The Detroit News in an editorial entitled Michigan kids deserve a strong

Featured Stories News Feed

University Accountability: Why Not Let the Public Track Performance?
March 18, 2013/The Guardian

By Doug Rothwell

Universities hold the keys to economic vitality, says Doug Rothwell, and Michigan is shining a light on exactly how

In today's knowledge economy, there is growing recognition that colleges and universities are powerful stimulants of economic growth.
Higher Education is the Most Important Key to Michigan’s Prosperity

- Of the top 10 states in per capita income, nine are in top 12 of education attainment (% of population with bachelors or better degree)
- Of the bottom 10 states in per capita income, seven are in bottom 15 of education attainment
- Michigan ranks 34th in education attainment
- Michigan ranks 36th in per capita income

For Michigan to become a top 10 state in prosperity – it must become a top 10 state in education attainment
The growth in employment in the past two decades has been entirely due to increases in college-educated workers.

Why is Higher Education Important?

- By 2018, 62% of Michigan jobs will require post-secondary education.
- By 2020, Michigan will need 1 million MORE college graduates.

*Lumina Foundation Report*

Source: The Undereducated American, 2011
Want a Job? Get a 4-year Degree

Michigan’s 2012 Unemployment Rate by Education Attainment

- Less than High School: 16.7%
- High School No College: 10.6%
- Some College/2 year degree: 8%
- Bachelors Degree: 4.1%

Source: Michigan DTMB
## Michigan 2011 per Capita Income by Education Attainment

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Per Capita Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school graduate (includes equivalency)</td>
<td>$17,171</td>
</tr>
<tr>
<td>High school graduate or associate's degree</td>
<td>$24,625</td>
</tr>
<tr>
<td>Some college or associate's degree</td>
<td>$30,229</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>$46,188</td>
</tr>
<tr>
<td>Graduate or professional degree</td>
<td>$64,207</td>
</tr>
</tbody>
</table>

Source: U.S. Census
College Attainment Determines Prosperity

Michigan Income Aligning with our Education Attainment

Per Cap Income

2000: 36
2011: 18

% 4 year degree

2000: 34
2011: 34
Bottom Line

We must get younger and better educated or we will continue to be poor
Investment for Our Future in Michigan?

Since 2000, state and federal road spending up 13%; corrections up 18%. Higher education is down 29.5%.
Michigan’s higher education cuts among nation’s deepest.

Note: Dollars adjusted by 2010 HECA, Cost of Living Adjustment, and Enrollment Mix Index.

Sources of General Fund Operating Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuition &amp; Fees</th>
<th>Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972-73</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>1982-83</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>1992-93</td>
<td>41%</td>
<td>59%</td>
</tr>
<tr>
<td>2011-12</td>
<td>78%</td>
<td>22%</td>
</tr>
</tbody>
</table>

House Fiscal Agency
Combined Operating Resource Growth

**Major Public University Operating Revenue Sources**

*FY 2012-13 Figures Adjusted for Inflation*

- **Total Resources per Undergraduate Student**
  - **FY 2001-02**: $11,643
  - **FY 2012-13**: $11,860

- **State Appropriation per Student**
  - **FY 2001-02**: $6,698
  - **FY 2012-13**: $3,583

- **Avg Resident Undergraduate Tuition Rate**
  - **FY 2001-02**: $4,945
  - **FY 2012-13**: $8,277

Source: House Fiscal Agency 2013
Michigan Universities Have Been Frugal

Note: FY 2010-11 amounts are estimates

Institutional Financial Aid: FY1995 to FY2012

## FY2007 to FY2010 Best Approximation of Net Resident Undergraduate Tuition/Fees*

*in current dollars*

<table>
<thead>
<tr>
<th></th>
<th>FY2007</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal Resident Undergraduate Tuition/Fee Rate (Enrollment-weight average)</td>
<td>$7,650</td>
<td>$8,409</td>
<td>$9,786</td>
<td>$9,661</td>
</tr>
<tr>
<td>Need-based Financial Aid (divided by Total Undergraduate FYES)**</td>
<td>$1,446</td>
<td>$1,626</td>
<td>$1,833</td>
<td>$2,573</td>
</tr>
<tr>
<td>Merit-based Financial Aid (divided by Total Undergraduate FYES)**</td>
<td>$1,761</td>
<td>$1,830</td>
<td>$1,885</td>
<td>$1,718</td>
</tr>
<tr>
<td>Work-Study Financial Aid (divided by Total Undergraduate FYES)**</td>
<td>$74</td>
<td>$86</td>
<td>$90</td>
<td>$95</td>
</tr>
<tr>
<td>Sub-Total Approximated Financial Aid for Resident Undergraduates</td>
<td>$3,281</td>
<td>$3,542</td>
<td>$3,808</td>
<td>$4,386</td>
</tr>
<tr>
<td>Federal Tax Credits and Deductions***</td>
<td>$488</td>
<td>$488</td>
<td>$488</td>
<td>$488</td>
</tr>
<tr>
<td>TOTAL Estimated Financial Aid &amp; Federal Tax Credits/Deductions for Resident Undergraduates</td>
<td>$3,769</td>
<td>$4,030</td>
<td>$4,296</td>
<td>$4,874</td>
</tr>
<tr>
<td>Net Resident Undergraduate Tuition Rate [nominal less estimated aid and tax credits/deductions]</td>
<td>$3,881</td>
<td>$4,379</td>
<td>$5,490</td>
<td>$4,787</td>
</tr>
<tr>
<td>Percentage of “Sticker Price” Paid</td>
<td>50.7%</td>
<td>52.1%</td>
<td>56.1%</td>
<td>49.5%</td>
</tr>
</tbody>
</table>

* All data was compiled from HEIDI and includes General and Restricted Funds and Private/Endowment Funds
** HEIDI/IPEDS Financial Aid data includes resident and nonresident undergraduate aid.
*** The Federal Tax Credits and Deductions are for the calendar year, 2008
Our universities have been cutting costs and closing programs where demand is not high

- Disciplined approach to financial management with emphasis on multi-year budget planning.
- Reducing operational costs through deliberate, thoughtful and steady efforts over time.
- Continual reallocation of resources toward highest priorities.
- Keeping education affordable by investing in student financial aid.
- Collaborating together on shared services for cost containment.
Collaborating for Efficiency and Quality

• Michigan Universities Self-Insurance Corporation
• Michigan Universities Coalition on Health
• Merit Network, Inc.
• Midwestern Higher Education Compact
• Michigan Delivering Extended Agreements Locally
Health Care Cost Containment

Medical + prescription costs (average family)

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Public Universities</th>
<th>State Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>$9,046</td>
<td>$11,887</td>
</tr>
<tr>
<td>Employer cost</td>
<td>$7,863</td>
<td>$10,900</td>
</tr>
<tr>
<td>Employee cost</td>
<td>$1,183</td>
<td>$987</td>
</tr>
<tr>
<td>Employee cost share</td>
<td>13.1%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Source: Michigan Universities Coalition on Health, 2011
Collaborating for Efficiency and Quality

- Academic Program Review
- Michigan Initiative for Innovation and Entrepreneurship
- Consortium of Michigan Veteran Educators
- Higher Education Recruitment Consortium
- Michigan Transfer Network
- P-20 Student Longitudinal Data Systems
- Michigan Career & College Readiness
- Michigan College Access Network
- Japan Center for Michigan Universities
- Detroit Compact and Wade McCree Scholarships
- Art in the House
- Undergraduate Distinguished Professor of the Year
- Promoting The Publics
Community-University Partnerships: Focus on Talent & Economic Development

- CMU Research Corporation
- EMU Center for Entrepreneurship & Ann Arbor SPARK
- FSU Talent 2025
- GVSU: Michigan Alternative & Renewable Energy Center and Talent 2025
- LSSU Product Development Center & Sault Ste. Marie Advanced Resources & Technology, Inc.
- MTU Office of Innovation & Industry Engagement
- MI Small Business Technology Centers—EMU, GVSU, WMU
- MSU LEAP, Inc. and Center for Community & Economic Development
- NMU, Center for Rural Community and Economic Development
- OU Incubator & Automation Alley
- SVSU Center for Business & Economic Development and The Stevens Center for Family Business
- UofM—Ann Arbor Business Engagement Center & Ann Arbor SPARK
- UofM-Flint Innovation Incubator (IN)
- WSU TechTown
- WMU Southwest MI Innovation Center & Battle Creek Unlimited & Talent 2025

There are many other Community-University Partnerships – visit www.pcsun.org/MichigansFuture
Bachelor’s Degree Programs
Michigan 15 Universities Compared to All US 4-Year Institutions: 2003-04 to 2010-11 or 2012

Michigan’s Future is in College!

- Michigan Technological University (www.mtu.edu)
- Northern Michigan University (www.nmu.edu)
- Lake Superior State University (www.lssu.edu)
- Saginaw Valley State University (www.svsu.edu)
- Ferris State University (www.ferris.edu)
- Central Michigan University (www.cmic.edu)
- Grand Valley State University (www.gvsu.edu)
- Michigan State University (www.msu.edu)
- Western Michigan University (www.wmich.edu)
- University of Michigan (www.umich.edu)
- Eastern Michigan University (www.emich.edu)
- Wayne State University (www.wayne.edu)
- Oakland University (www.oakland.edu)
- Dearborn University (www.udmerich.edu)

Presidents Council
State Universities of Michigan

The Michigan Fifteen Public Universities
Communities of Opportunity
Final Thoughts

- Higher education has born a disproportionate share of state budget cuts
  - Despite the cuts, we have increased enrollment and graduation numbers
  - We are collaborating and cutting programs and costs

- In the future, the states and regions with the most college graduates will be prosperous
  - Michigan needs to do more to produce and retain college graduates
  - Our universities are on the front lines of both
Michigan’s Public Universities

Moving Michigan into the Knowledge Economy