State Government Relations Update

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David Bertram
Assistant Vice President for State Affairs

MICHIGAN STATE UNIVERSITY
VP for Governmental Affairs
Office Structure

• Introduction

• Vice President – Responsible for overall office operations.

• Policy staff have responsibility for specific areas – State legislature, Federal, Regional (East Lansing, Detroit, Grand Rapids) and Statewide advocacy.

• Support Staff play vital role in keeping office running.
VPGA Mission

- Manage relationships between the university and elected officials at the local, state and federal level.
- Develop and maintain relationships with potential allies.
- Keep other policy/thought leaders informed of MSU actions
- Prepare advocacy materials – “Spartan Impact”
- Meet with legislators and other governmental officials (aka Lobbying)
- Write letters, Opinion pieces and news articles (with CABS)
- We host key people at events on campus and around the state – providing a chance to both socialize and talk to them about important issues so they can learn about MSU firsthand
Profile of the Legislature

- Effect of Term Limits
- Spartan Legislators (31)
- Appropriations
  - Appropriations Higher Education Subcommittee
- Policy
  - Higher Ed reforms
  - Blending universities and community colleges and K-12
  - K-12 reforms
Government Funding for MSU

- State provides about $294 million in support for undergraduate education.

- Federal Government provides about $304.5 million in federal research (Not including FRIB) and nearly $400 million in financial aid.
State Revenues Impact on MSU

MSU General Fund 2012-13

- Tuition & Fees = 69%
- State Appropriations = 22%
- Other Sources = 9%
State Budget Funding Declined $81 million

Appropriations $174M Behind Inflation Since 2000-01

Graphic 1
State Funding

- State once provided 75% of the cost of undergraduate education, today MSU receives only 22% of General Funds from the State and 11.5% of all funds. Current year state higher education funding is $245 million.
- Universities in MI have seen a 25% reduction in general funds over last 10 years, not including the loss of capital outlay dollars that have not been allocated in a decade.
- Reductions in state funding have led all 15 public universities to raise tuition, now legislature is focusing on HE spending rather than on their lack of support.
- Little understanding of how universities operate in the public. They see grant announcements and new construction funding from donors or the federal government and assume we can redirect that to students.
BLM Messaging

**Inside Lansing**
- Target key legislators
- Funding goals:
  - Top Ten over long term based on metrics
  - 3% + $100M for FY14
  - Tweak metrics
  - Include Community Colleges
  - Bookend with early childhood

**Outside Lansing**
- Invest in people – not prisons
- Paid advertising
- Target districts
- Increased engagement from BLM members and University Presidents
State Higher Ed Formula
A Moving Target

- In 2012-13 budget year a new higher education formula was created to allocate the $1.2 billion to Michigan’s 15 public universities.
- Formula is based on metrics in the following areas:
  - Weighted undergraduate completions in critical skills areas
  - Research expenditures
  - 6-year graduation rate
  - Total completions
  - Administrative costs as a percentage of core expenditures
- The metrics created are based on national Carnegie peer groups so universities would be compared to their national peers but those performance results are then related to the other 15 public universities in Michigan.
State Higher Ed Formula

- Roughly $38 million (increased funding) was distributed through the metrics in 2012-13.
- A 4% tuition restraint cap was set in order for universities to qualify for increased funding.
State Higher Ed Proposed Funding

- In February (2013-14 Budget) – Governor’s budget proposal recommends keeping last year’s formula – which favors small schools.
- Governor proposed 2% ($24 m) increase overall and included a 4% tuition restraint cap.
- House initially wanted increase the amount of money flowing through the formula to $100 million – but not by adding new money to HE Appropriation – but rather by simply cutting into our base and giving the money back to us according to the same flawed formula.
- Senate maintains the 2% increase proposed by governor but redistributes $2 million for MPSERS and $2 million for ITW
State Higher Ed Proposed Funding

- House details (Subcommittee reported – Mid-March)
  - 2.1%
  - 3% tuition restraint cap
  - 15% penalty for union
- The subcommittee also adjusted the metrics slightly to include a “Resident Undergraduate” metric and a weighted scoring column to tighten range of increases
- They also included a 15% penalty for universities that approved employee union contracts between December and March 28, related to Right-to-Work Legislation ($27.5 million for WSU & $42 million – UM)
## Comparing 2014 HE Funding Proposals

<table>
<thead>
<tr>
<th></th>
<th>2% Overall Increase for Higher Ed</th>
<th>4% Tuition Restraint Cap</th>
<th>Runs funding through formula with no changes</th>
<th>MSU 1% Increase</th>
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<tbody>
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<td><strong>Governor Snyder</strong></td>
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<tr>
<td><strong>House</strong></td>
<td>2.2% Overall Increase for Higher Ed</td>
<td>3% Tuition Restraint Cap</td>
<td>Includes 15% RTW penalty; modifies formula with weighting</td>
<td>MSU 2.1% Increase (before any penalty bump)</td>
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<tr>
<td><strong>Senate</strong></td>
<td>2% Overall Increase for Higher Ed</td>
<td>3.5% Tuition Restraint Cap</td>
<td>Applies $2 m to MPSERS and $2 m to Indian Tuition Waiver (ITW)</td>
<td>MSU 1.3% Increase due to ITW</td>
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State Funding for MSU

- MSUE/AgBioResearch – Governor, House and Senate recommend a 2% increase or $2.1 million.
  - House unrolls the budget lines into two:
    - $29.7 m AgBioResearch
    - $25.6 m for Extension
- Additional $3 million in funding for Ag Strategic Initiative (Food and Agriculture Industry Growth Initiative). $1 m in MDARD and $2 m in the Treasury Budget under Michigan Strategic Fund (MSF).
- Joint program with MDARD and agriculture industry with a focus is on Agriculture Processing.
State Funding for FRIB

- Facility for Rare Isotope Beams (FRIB) - $91 million bond included in the MSF under the Treasury Budget ($7.3 m annual appropriation for debt service).
- Total state commitment to the project is $94.5 million. MSU has already received more than $3 million from the state for FRIB.
- Governor recommended and the Senate has included in its version of the budget; House is expected to approve next week.
- MSU is working with MEDC and the MSF Board.
State Funding for MSU

- Capital Outlay – MSU received $30 million last year for a new BioEngineering facility 61,000 square foot facility. MSU providing a $10 million match.
  - MSU now asking to double the size of the facility
  - Joint Capital Outlay approved scope change in late March – approval needs to be included in an Appropriations bill
  - Additional $17 million funding to add two floors will come from MSU (bond)

MSU will attempt to secure federal funds or part of Governor’s $100 million engineering funding to finish out the labs
Contact Information

David Bertram, Assistant Vice President for State Affairs
Email: dbertram@msu.edu
Phone: 517-353-9000

mispertanimpact.msu.edu