



Pulling the Plug on Michigan's Future: Why Draining Resources Hurts Tomorrow's Workforce

EXECUTIVE SUMMARY

The need for education beyond high school is more important now than ever. In an economy where jobs are moving away from manufacturing and toward knowledge-based employment, Michigan needs to ensure that the workers of the future can fill these jobs. However, state policy is hindering efforts to improve the skills of its residents, as funding for higher education is reduced.

Since fiscal year 2002, the state's General Fund has fallen by 13 percent, yet state support for higher education has fallen by 15 percent.¹ As the cost of higher education climbs due to increased costs related to health care, energy, and expenses tied to teaching courses in high-demand fields, reductions in state aid are causing tuition to increase.

Between the 2002 and 2010 academic years, non-inflation adjusted state aid to community colleges declined by 7 percent. During this same time period, the average tuition per credit hour at Michigan's 28 community colleges increased by approximately 40 percent, from \$54 a credit to \$76 per credit.²

The situation is similar for Michigan's 15 public four-year institutions. State aid to four-year institutions and financial aid programs declined by almost 17 percent

between 2002 and 2010. At the same time, in-state undergraduate tuition increased 88 percent and state aid for financial aid programs dropped 64 percent between 2009 and 2010 alone.^{3,4}

Michigan's cuts to higher education are among the highest in the nation. According to the Grapevine Project at Illinois State University, Michigan falls behind 45 other states when it comes to recent higher education investment. State funding for higher education fell 9 percent between 2006 and 2010. Meanwhile, tuition increases at Michigan's public four-year schools ranked seventh-highest in the country between the 2005-2006 and 2008-2009 academic years.

These sharp increases in tuition and the reduced availability of financial aid, including many need-based scholarship and grant programs, are placing a larger financial burden on students. Enrollment at both four- and two-year institutions has increased since 2002, despite rising costs and falling household income but more students are forced to finance their education through student loans.

On average, Michigan students graduating with a bachelor's degree in 2008 left college with 44 percent more student loan debt than the graduating class of

¹ Senate Fiscal Agency. (2009, 2010). Higher Education and Community Colleges Funding History tables.

² Wolf, M. (2010). Background briefing: Community colleges. Retrieved from the House Fiscal Agency.

³ Jen, K.I. (2010). Background briefing: Higher Education. House Fiscal Agency.

⁴ Jen, K.I. and Jefferies, E. (2010, 2005). State university summary data.

2001, with the average loan amount approximately \$22,000. In addition, half of all first-time, full-time freshmen received student loans in the 2007-2008 school year at four-year institutions. The number of first-time enrolling, full-time freshmen at two-year institutions receiving student loans increased over 450 percent between the 2000-2001 and 2007-2008 school year.⁵

Michigan's shortsighted cuts to higher education will have long-term negative effects. Falling appropriations and increasing tuition rates, coupled with high unemployment, are forcing more students into increasing amounts of education debt. All of this is happening at the same time that the need for education past high school is more important than at any time in recent history.

⁵ Institute for College Access and Success, 2010.