

State higher ed funding lags, while others invest Neighboring states are allocating more money for colleges

by Matthew Miller
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As Michigan's state legislators scrap over whether to give the state's universities a moderate funding increase or no new money at all, other Midwestern states are investing in higher education.

And, in some cases, they're investing big.

In Ohio, for example, the state legislature has agreed to pump \$254 million into the state's public universities to pay for a two-year tuition freeze.

The legislature also ponied up \$150 million to recruit senior scholars who do research in fields such as advanced materials, biosciences, information technology and alternative energy and to give scholarships to students studying math and science.

In Indiana, the state's universities got a 9.8 percent increase in state funding for the next two years, including \$20 million for Indiana's three research universities to expand their life sciences programs and \$30 million more to build their research operations generally.

The University of Minnesota system got a 14.3 percent state funding increase for the next two years. The state's college got a 12 percent increase.

In Iowa, where state coffers are swelling, thanks in part to a growing biofuels industry, public universities are getting a state funding increase of almost 10 percent.

In Michigan, the debate is running between a 5 percent increase, laid out in bills passed by the House last month, and leaving funding at this year's levels, as proposed by Senate Majority Leader Mike Bishop, R-Rochester.

For Michael Boulus, executive director of the President's Council, State Universities of Michigan, the issue for Michigan is simple.

"If we don't start investing in our universities, we are not going to be able to be competitive," he said.

Lackluster funding

Michigan's funding for higher education is already lackluster compared to the rest of the country.

The state ranked 44th in per-student state appropriations in 2006, though that ranking rises to 32nd when local support is factored in.

Perhaps more telling, Michigan ranks 47th in growth of higher education funding over the past decade, according to the Center for the Study of Education Policy.

Michigan's funding for higher education has grown about 18 percent since 1997 (and it's actually dropped by more than 8 percent since 2002). That's compared to a national average of close to 55 percent growth.

And, if Michigan's leaders are talking about the role of universities in preparing the state for the demands of the knowledge economy - making it competitive in a global marketplace, producing a highly trained work force - other states' leaders are aiming for the same goals and the same slices of the economic pie.

Bruce Johnson, president of The Inter-University Council of Ohio, said Ohio invested big in higher education this year because, "There was broad agreement on education as a catalyst for economic development."

He said university leaders together with members of the business community successfully made the case that the key to economic success was "human capital and your ability to cluster human capital."

The result was investments geared toward student access (i.e. the two-year tuition freeze) and toward economic growth areas, including biosciences and alternative energy.

Staying competitive

With other states investing, Michigan university leaders say they'll need more money to compete.

And, over the past several years, that's exactly what the state hasn't given them. State appropriations for higher education were actually lower last year than they were in 2000.

"This has been the equivalent of death by a thousand cuts," said Michigan State University President Lou Anna Simon.

"You can pick any individual action and say it wasn't in and of itself significant, but the cumulative effect means that you have to be able to find every way to be competitive with your peers around the world and your margin for error is narrower and narrower."

Simon said MSU and the state's other universities will remain competitive in the near term, "but when somebody else drops \$100 or \$200 million in a very short period of time, it's very easy to erode all the gains that have been made through all the hard work, all the budget reductions, all the efficiency measures."

"When people are recruiting folks out of Michigan and Michigan State, they're saying, 'Look at the state's track record. What makes you believe that this is going to be turned around?'"

Level funding proposal

Bishop considers higher education "a priority."

That, he said, is why he proposed level funding rather than funding cuts.

As for Michigan's competitiveness with other states, he said, putting the overall budget in order is the key issue.

"In order to turn this state around, we've got to first act like a state that understands that things have changed here," he said. "Ohio and Indiana aren't going through the same thing that we're going through right now."

Richard Vedder, director of the Center for College Affordability and Productivity and a staff member of the Mackinac Center for Public Policy, is among those who think investing in higher education may not be the key to economic recovery.

"Statistical results show that there is a very weak and often no correlation at all between state appropriations for higher education and the proportion of the adult population that actually has college degrees," he said.

Some of that has to do with out-migration, he said, or qualified graduates heading for other states' greener pastures.

"The other thing, though, is that a lot of the incremental money that goes with increased appropriations goes not to expand access, but for other things: non-instructional activities, research, administrative expenditures, student services."

"No one denies that college graduates are more productive than non-college graduates, that there are gains that come in the process of education," he said.

"Having said that, it doesn't necessarily mean that every new dollar that we put into higher ed is necessarily productive."

Disinvestment 'nuts'

But Lou Glazer, president of the Ann Arbor think tank Michigan Future, Inc., said there is a correlation between a region's prosperity and the presence of strong universities.

And he said the disinvestment that's happened over the past several years is "nuts."

"In an era when the economic importance of universities is greater than it's ever been," Glazer said, "the state has systematically made less investments than they have when they weren't important. What sense does that make?"

Universities, he said, are "substantial drivers of economic growth in the knowledge economy."

Not only do they play a role in developing and commercializing new technologies, he said, but they are economic engines in their own right, they also train "talent," and they are "major assets in creating the high-density mixed-use neighborhoods that young talent wants to live in," he said.

Investing in public universities may be more important in Michigan than in other states, he said, for the simple fact that the state has no private research universities.

"We can't have great private universities. It's not a choice that history gave us," Glazer said.

"Given that the assets the state has that we believe matter most to its future economic growth are its research universities and given that they're all public, the question is do we continue to invest in them or walk away from them."

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