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HIGHER EDUCATION FINANCING: HOW MICHIGAN COMPARES WITH OTHER STATES

A wealth of data on higher education enrollments, state and local appropriations, student tuition and other related factors is published annually by Research Associates of Washington in State Profiles: Financing Public Higher Education 1978 to 1990. The data used in this analysis, except as noted, is from the Research Associates of Washington copyrighted report and is used with their permission and our thanks. The Citizens Research Council is solely responsible for the selection of data, its interpretation, and any conclusions.

In Brief

A comparison of public higher education financing in Michigan with the 14 other most populous states (over 5 million population) and the U.S. average shows that:

- Enrollment in Michigan public education institutions is relatively high.
- State-local appropriations per student in Michigan are relatively low.
- Average tuition per student in Michigan is significantly higher than in most other states and the U.S. average.
- Total appropriations and tuition per student in Michigan are above average.
- While the combined total appropriations and tuition per student has doubled since 1980, the total is up only 11 percent in constant dollars.

Higher Education Enrollments

Michigan has a relatively large enrollment in public institutions of higher education compared to other populous states and to the U.S. average. Enrollment in Michigan is 36.2 full-time equivalent students per 1,000 population compared to a U.S. average of 31.4. The Michigan ratio is 15 percent above the U.S. average and is third highest among the 15 most populous states (see Chart A on p. 2).

Several factors contribute to this relatively high enrollment ratio in Michigan. First, Michigan has a relatively high number of high school graduates in relation to population and high school graduates are the major source of new college enrollments. Second, the percent of Michigan high school graduates who attend in-state public institutions of higher education is relatively high, while the percent attending colleges in other states is relatively low. Third, in Michigan 85 percent of total college enrollment (public and private) is in public institutions and 15 percent in private, compared to the U.S. average of 76 and 24 percent, respectively.

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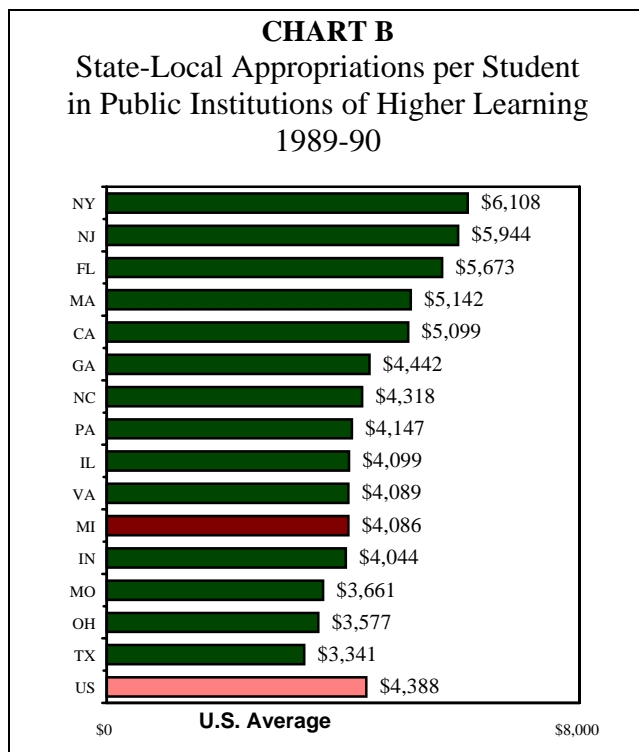
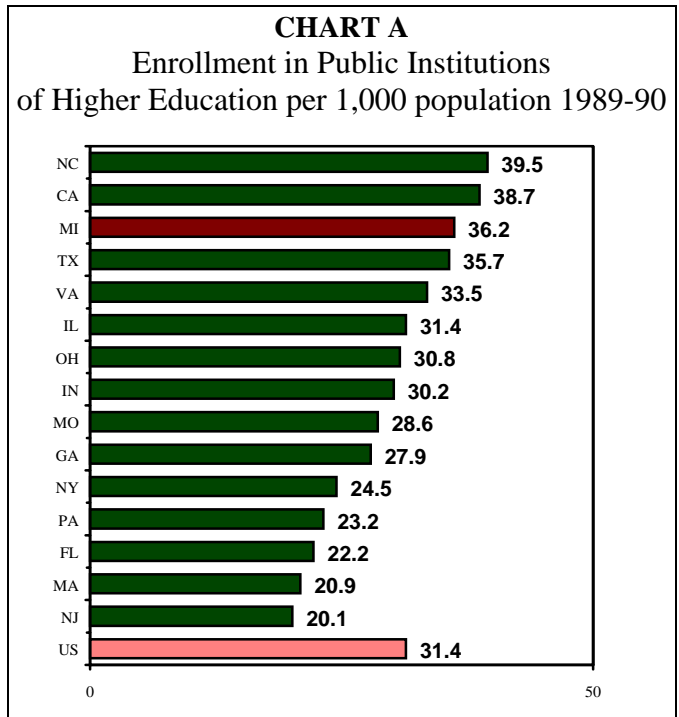
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The comparatively high ratio of enrollment in public higher education to population in Michigan occurs despite the fact that Michigan college tuition is relatively high (discussed later). The lowest public two-year Michigan college tuition in Michigan is 38 percent above the U.S. average both in dollar amount (\$1,047) and as a percent of disposable personal income (7.43%). This data indicates the relative price accessibility of entrance to a state system of higher education.

State-Local Appropriations

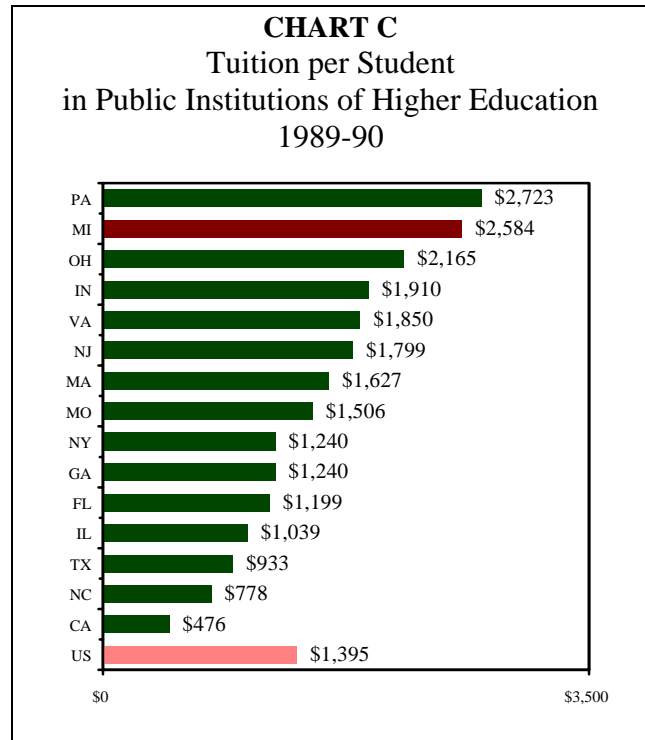
Michigan ranks relatively low in total state-local appropriations per student in public institutions of higher education. The comparative data on state-local appropriations for public higher education operations include only those state and local government appropriations for current operations of public institutions and exclude appropriations for capital outlays, research, agriculture, health care, medical schools, and auxiliary activities. The Michigan appropriation of \$4,086 per student in 1989-90 is seven percent below the U.S. average. Because of enrollment patterns in Michigan institutions (e.g., proportion in graduate, four-year and two-year institutions), if Michigan public support was at the national average, appropriations would be four percent above the U.S. average instead of seven percent below.



Michigan ranks 29th among the 50 states and 11th among the 15 most populous states in state-local appropriations per student (Chart B). While Michigan has a relatively low appropriation per student, it has relatively high it has a relatively high appropriation per capita. Michigan has relatively high taxes per capita and the portion of those taxes allocated to public higher education operations (7.8%) is at the U.S. average. In appropriations for higher education per capita, Michigan is above the U.S. average by about \$100. However, as previously noted, Michigan also has a high ratio of students to population. The net result is that the Michigan appropriation for higher education per student is \$302 below the U.S. average.

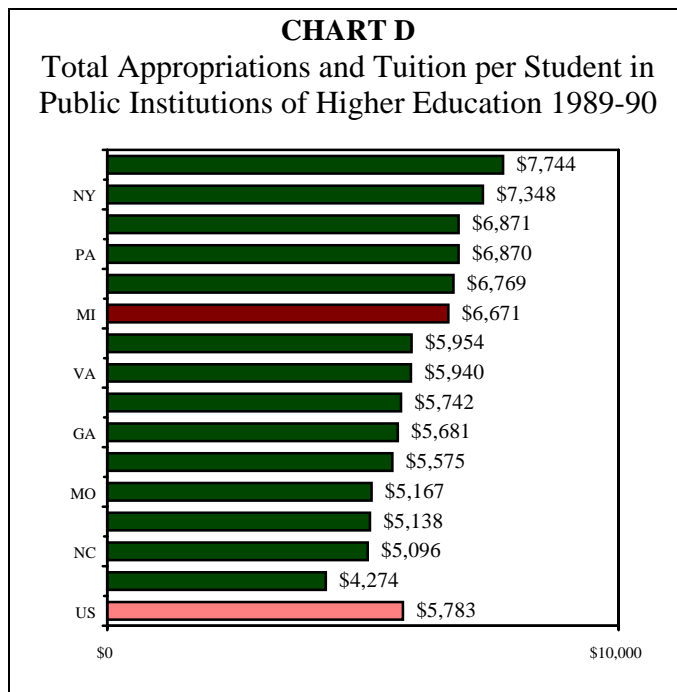
Tuition Revenue for Higher Education

Average tuition per student in Michigan is high compared to other states and the U.S. average. The figures on tuition per student indicate the net tuition paid by a hypothetical average individual student including resident and non-resident and undergraduate and graduate students. Average tuition in Michigan of \$2,584 per student is 85 percent higher than the U.S. average of \$1,395. Tuition in Michigan ranks 5th highest among the 50 states and 2nd highest among the 15 most populous states (see Chart C). Average tuition per student in Michigan is 8.3 percent of personal disposable income per capita which is 86 percent higher than the U.S. average and fourth highest among the 50 states.



Total Appropriations and Tuition

The total of state-local appropriations and tuition per student in Michigan is relatively high. The Michigan amount of \$6,671 per student in 1989-90 is 15 percent above the U.S. average, and Michigan ranks 13th among the 50 states and 6th among the 15 most populous states (see Chart D).



In Michigan, tuition represents a larger proportion of combined appropriations and tuition than in most other states. Tuition in Michigan is 38.7 percent of the total compared to 24.1 percent nationally. The tuition share in Michigan is 61 percent higher than the U.S. average. In a majority of the states (30) tuition represents between one-fifth and one-third of the total compared to 38.7 percent in Michigan. Michigan ranks seventh highest among the 50 states and second highest among the 15 most populous states in its reliance on tuition to support higher education.

Trends in Higher Education Financing

The report of Research Associates of Washington provides historical trend data. From 1980 to 1990, total full-time equivalent enrollments in Michigan increased by five percent. State-local appropriations per student increased by 76 percent, while average tuition per student increased 163 percent. Combined state-local appropriations and tuition per student doubled (up 102 percent) during the 1980 to 1990 period.

However, the higher education price index of goods and services purchased for institutional operations also increased during the period by about 82 percent. The net result has been a 10.7 percent increase in the constant dollar value of combined appropriations and tuition per student from 1980 to 1990 (see Chart E). As shown in the chart, state-local appropriations for public institutions of higher education in constant dollar terms have remained relatively constant since 1986. From 1980-1990, state-local appropriations per student in Michigan declined slightly in constant dollars (-3.6%) while tuition per student increased by about 45 percent in constant dollars. State-local appropriations as a percent of the combined total of appropriations and tuition has declined from 70 percent in 1980 to 61 percent in 1990.

