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Fallacies and facts about higher education in Michigan

By *Gary D. Russi, President of Oakland University*

For more than two years, frequent state budget cuts have caused each of Michigan's 15 public universities to undergo serious program cuts, which have threatened to undermine the academic quality Michigan residents are accustomed to receiving from our state institutions of higher learning.

During public discussion about these issues, I have become increasingly concerned over assumptions made by the public and the media about higher education in Michigan. Consider the following:

Fallacy: College costs are rising faster than at any time in Michigan's history, pushing higher education out of reach of poor and low-income families.

Fact: Full-time undergraduates paid the same in 2000 as they did in 1992, after inflation, due to institutional financial aid commitments.

Comment: With the combination of increased enrollments and state budget cuts, university spending overall is at or near the rate of inflation. In 1992-93, 59 percent of our state universities' general fund budgets came from state appropriations, and just 41 percent came from tuition and fees. Last year, only 46 percent came from state appropriations, while 54 percent came from tuition and fees. Moreover, per student state spending in 2000 was \$7,002; this year it is just \$5,646, and only \$3,695 for Oakland University students; Michigan spends approximately \$1,000 less on average per pupil than any of the other Great Lakes states.

Fallacy: The cost of a higher education far exceeds its value.

Fact: The cost of a 2004 Chevy Impala is about \$24,000. The average cost of a college degree (tuition and required fees) from a Michigan public university is \$23,672. The difference is that the value of a college degree is an investment for a lifetime, while an automobile's value begins to depreciate the minute you drive it off the lot.

Comment: According to the U.S. Census Bureau, a person with a bachelor's degree earns \$2.1 million over a lifetime or nearly \$1 million more than a person without a college degree. The U.S. Department of Education's Office of Educational Research and Improvement found that college graduates also enjoy – on balance – more job security, increased time for hobbies and leisure activities, and improved quality of life for their offspring. There is compelling evidence that a college degree affords a person a better life in a variety of areas.

Fallacy: Michigan universities are a drain on state coffers.

Fact: The state's annual investment in higher education is \$1.5 billion. The resulting economic impact of higher education for the state is \$39 billion, with 12.6 percent of Michigan's gross state product resulting from the state's investment in higher education.

Comment: According to SRI International, coordinators of a recent study titled "The Economic Impact of Michigan's Public Universities," "no other public investment realizes such a high rate of return." For example, for every one dollar invested in Michigan universities in 1999, the state got \$26 back.

Fallacy: Michigan colleges and universities are inefficient and low on the list of public priorities, which justifies the Legislature and governor cutting state appropriations to higher education four times since December 2002.

Fact: Over the past two years, most public universities in Michigan experienced at least a 10 percent cut in state funding. In that time, Michigan's 15 public universities have made 1,400 full-time staff reductions and budgets cuts totaling \$160 million.

Comment: At Oakland University, we've trimmed \$10 million, eliminated 45 jobs, implemented a hiring freeze and made difficult cuts in several program areas. I know our sister universities in the state have done similar things. The challenge has been to make these cuts without affecting the quality of education we deliver to our students.

It is important to note that our cost containment and efficiency efforts are ongoing and not just in response to state budget cuts; we've been cutting and trimming for years with the goal of operating at the highest level of efficiency. As a state-assisted public university, we owe it to the citizens of Michigan to operate in a fiscally responsible manner.

Fallacy: Parents are acutely aware of how much a college education costs.

Fact: According to a recent statewide survey, the actual costs of attending college are overestimated by one-half of Michigan citizens. It currently costs on average about \$6,000 per year to attend a public university in Michigan. Many parents think it costs much more than that.

Comment: The National Center for Education Statistics found that families often overestimate the cost of college tuition at four-year public institutions, sometimes by as much as \$2,000 per year. The study found that the failure of families to research the cost of higher education might discourage some students from attending college. In fact, the study found that only 54 percent of parents looked into the cost of a college education before their children graduated from high school.

Moving Forward: Our state universities work extremely hard to deliver high-quality education creatively and efficiently in order to improve the quality of life in Michigan. Let's rally behind them.

This column appeared in the March 15 issue of "Presidents' Perspectives," a commentary by Michigan public university presidents and chancellors on important issues affecting Michigan, which is published by the President's Council, State Universities of Michigan. President Russi is the chair-elect of the board of directors for the President's Council, State Universities of Michigan.

SUMMARY

OU President Gary Russi discusses assumptions made by the public and media about recent state budget cuts to higher education in Michigan in a column he wrote for "Presidents' Perspectives," which is published by the President's Council, State Universities of Michigan. Russi is the chair-elect of the board of directors for the President's Council, State Universities of Michigan.

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