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INSTITUTE *for* RESEARCH *on* HIGHER EDUCATION



VANDERBILT
PEABODY COLLEGE



HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

MICHIGAN



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MICHIGAN

COLLEGE
AFFORDABILITY
RANKING

15

The low cost of Michigan's public two-year institutions help make college attendance relatively affordable for many of its residents. But the rising percentage of family income needed to attend the state's other colleges and universities—coupled with high poverty—put the state's future college affordability at risk.

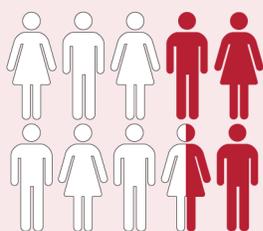
Michigan educates over a third of its students in public two-year colleges, which are among the most affordable in the nation. The percentage of family income needed to pay for college expenses to attend these institutions has not increased since 2008. Students would have to work, on average, 20 hours a week to cover educational costs of attending two-year colleges full time.

Michigan's public research universities, which educate 29 percent of the state's undergraduates, are also more affordable than most of their national counterparts. However, lower-income families comprise nearly a quarter of the state's population, and they would need nearly half of their annual family income to pay for educational expenses to attend these schools full time. Students would have to work, on average, 38 hours a week to cover costs of attending public research universities full time.

As Michigan's knowledge-based economy demands an increasingly educated workforce, the state will need to consider strategies to address gaps in educational attainment and high levels of poverty that may be preventing Michiganders from attaining postsecondary degrees.

- ▶ Michigan educates 29 percent of its students in its public research universities. Students would have to work, on average, 38 hours a week to cover educational costs of attending these institutions full time.
- ▶ Michigan provides \$145 per student in need-based financial aid to attend public institutions, compared to the national average of \$474.
- ▶ The percentage of children living in poverty in Michigan is 24 percent.
- ▶ By 2020, 18 percent of Michigan's high school graduates will be Black. As of 2014, Black higher education attainment substantially lagged behind White attainment, 25 percent versus 41 percent.

More Michigan students attend **public two-year institutions** than any other kind of institution, with **35 percent enrolled**. Families would spend, on average, **14 percent of annual income** to pay for full-time attendance.



Percentage of students attending public two-year institutions



Percentage of family income required to pay for full-time attendance

On average, **38 percent** of working-age Michigan state residents (age 25-64) have an associate's degree or higher. By 2020, **70 percent of jobs will require an associate's degree or higher**.



70%

Jobs requiring associate's degree or higher by 2020

38%

Workforce with associate's degree or higher, as of 2014

WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
Public Two-Year (35 percent of enrollment)* *	14	14	3
Public Four-Year Nondoctoral (18 percent of enrollment)	27	28	29
Public Research (29 percent of enrollment)	25	26	13
Private Four-Year Nondoctoral (17 percent of enrollment)	35	40	12
Private Research (0 percent of enrollment)	34	47	13

* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

** Enrollment may not add up to 100% due to rounding.

NOTE: The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

STATE INCOME PROFILE

Income

\$0—30,000

Average Income in Group

\$16,703

Families in Group

23%

Income

\$30,000 —48,000

Average Income in Group

\$39,169

Families in Group

17%

Income

\$48,000—75,000

Average Income in Group

\$60,894

Families in Group

23%

Income

\$75,000—110,000

Average Income in Group

\$91,015

Families in Group

18%

Income

\$110,000 and above

Average Income in Group

179,761

Families in Group

19%

PERCENT OF FAMILY INCOME needed to attend full time:

PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	4,521	27
\$30,000—48,000	5,321	14
\$48,000—75,000	7,337	12
\$75,000—110,000	9,116	10
\$110,000 and above	9,471	5

Students would have to work 20 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	10,004	60
\$30,000—48,000	11,394	29
\$48,000—75,000	14,323	24
\$75,000—110,000	16,901	19
\$110,000 and above	17,764	10

Students would have to work 36 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,183	49
\$30,000—48,000	10,707	27
\$48,000—75,000	14,451	24
\$75,000—110,000	18,717	21
\$110,000 and above	20,984	12

Students would have to work 38 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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STATE
INCOME
PROFILE

Income

\$0–30,000

Average Income in Group

\$16,703

Families in Group

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23%

Income

\$75,000–110,000

Average Income in Group

\$91,015

Families in Group

18%

Income

\$110,000 and above

Average Income in Group

179,761

Families in Group

19%PERCENT OF FAMILY INCOME
needed to attend full time:

PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	15,381	92
\$30,000–48,000	16,127	41
\$48,000–75,000	18,012	30
\$75,000–110,000	20,287	22
\$110,000 and above	22,562	13

Students would have to work 47 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

PRIVATE RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	19,226	115
\$30,000–48,000	18,714	48
\$48,000–75,000	21,383	35
\$75,000–110,000	22,274	24
\$110,000 and above	25,884	14

Students would have to work 57 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	85	77	145	474
Other Aid	172	276	2	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	956	867	566	644
Other Aid	142	226	1	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$4,266 annually.
- ▶ Students who enroll at private research institutions typically borrow \$4,716 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$5,967 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$6,333 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$2,107 annually.

Data Source: U.S. Department of Education.

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

Workforce Needs

- ▶ By 2020, 70 percent of jobs in Michigan will require a postsecondary credential.
- ▶ Michigan is 12th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 40 percent of young adults in Michigan (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 39 percent of working age adults in Michigan (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

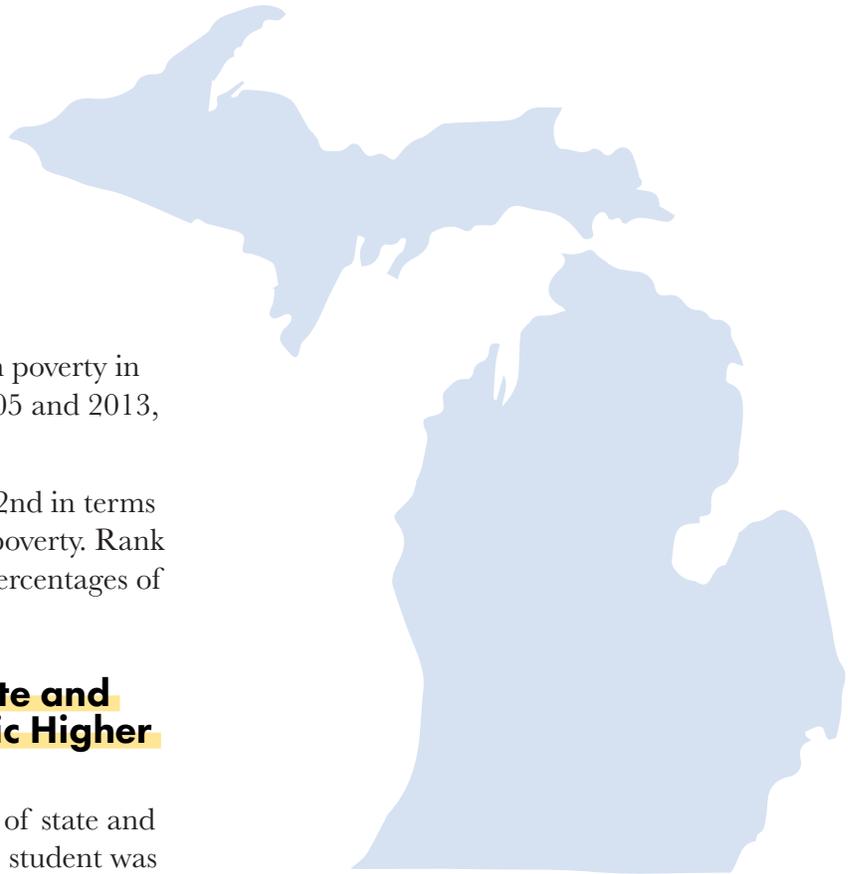
Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average 38 percent of working age Michigan state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 41 percent of Whites have an associate's degree or higher but the other three most populous racial groups (Blacks, Hispanics and Asians) have attainment of 25 percent, 24 percent and 70 percent respectively.

Educational Pipeline in Michigan

- ▶ In 2020, Michigan's public high school graduates are projected to be 18 percent Black, 5 percent Hispanic, and 4 percent Asian.
- ▶ The total number of high school graduates at public institutions in Michigan are projected to decline by 13 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Black in Michigan is projected to increase by 3 percent and the percent of graduates that are White is projected to decline by 4 percent. The percent of Hispanics and Asians are both projected to remain constant over the same time period.
- ▶ While the decline in White graduates is similar to projections for the nation (4 percent decline in White graduates between 2020 and 2028), the growth in Blacks in Michigan is above national patterns (Blacks are only projected to increase by 1 percent of national high school graduates by 2028). The flat growth for Hispanic and Asian graduates is below national trends (Hispanics are projected to increase by 2 percent and Asians are projected to increase by 1 percent by 2028).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.



Children in Poverty

- ▶ The percent of children living in poverty in Michigan increased between 2005 and 2013, from 18 percent to 24 percent.
- ▶ In 2013 Michigan was ranked 32nd in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In Michigan, total student share of state and net tuition revenues per full time student was 38 percent in 1989, 41 percent in 2000, and 70 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 but after the 2007-08 recession net tuition revenues increased even more rapidly.

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POLICY QUESTIONS FOR STATE LEADERS

- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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