Senator LaSata and members of the committee: Thank you very much for the opportunity to share my views on college affordability with you. I am honored to be here.

My name is Catherine Brown and I am the senior advisor for Michigan for the Institute for College Access and Success. TICAS is a non-profit, non-partisan research, policy and advocacy organization working to improve educational opportunity and outcomes so that more students complete meaningful postsecondary credentials without burdensome debt.

Over its 15-year history, TICAS has been instrumental in working with lawmakers on both sides of the aisle to design and promote policies that help make college accessible and affordable for all students. Most recently, TICAS championed legislation to simplify the FAFSA and automate the recertification process for income-driven repayment, which was signed into law by President Trump.

**The Value of College**

At the heart of our work is the knowledge that postsecondary education can be transformative for individuals and a powerful economic driver for states and communities. Few, if any, Michigan institutions can match our colleges, universities, and community colleges in their power to improve lives, promote equal opportunity and raise living standards.

For individual students, college has tremendous potential as a force for upward mobility. In fact, students from low- and high-income families who graduate from the same college end up earning similar incomes in adulthood. The wage premium paid to workers with bachelor’s degrees is near historic highs, and technical degrees and certificates can also lead to well-paid jobs. Because it supports technical programs at community colleges and trade schools, financial aid is one of the largest sources of support for skills training for mid-career adults.

For our communities and state, college confers broader benefits, including greater productivity, increased tax revenue, reduced criminal behavior, improved health, higher civic participation rates, and more. Postsecondary institutions are also major employers and generators of economic activity, both directly and indirectly. In rural areas, community colleges and universities are often major drivers of job growth and economic activity by offering job training programs that match the local needs, helping local industries thrive, and protecting the regional economy during economic downturns.

According to recent research by the Institute for Women’s Policy Research, single mothers in Michigan who graduate with an associate’s earn $277,200 more over their lifetime than what they would have earned with only a high school education. That amount can mean the difference between the ability to
support herself and her child or not. These women also contribute $67,800 more in taxes and use $22,400 less in public assistance spending over their lifetimes.

The College Affordability Landscape in Michigan

Unfortunately, colleges cannot be catalysts for individuals and communities if they are priced out of reach. And over a single generation, in Michigan and nationally, there has been a sea change in college affordability. College tuition has risen and, with it, affordability gaps and student debt have also grown.

The substantial decline in state investment is a contributing factor. In 1980, the state of Michigan provided 70 percent of the cost of tuition and fees at in-state public universities through state aid but today, the reverse is true. Over three-quarters of institutional operating dollars now come from students and families.

The Great Recession, which decimated Michigan’s economy, understandably led to large cuts to the postsecondary budget, as it did in most states. Yet, while the economy has largely recovered, the state’s investment per student remains close to 15 percent below what we were spending in 2008, considering inflation. According to calculations by the Michigan Association of State Universities, it would take a $184 million increase in spending on state universities to get back FY2011 levels.

In fact, on virtually every measure, Michigan remains behind our neighbors and national peers. Recent research by The Century Foundation revealed that we spend only 4.1 percent of the state’s budget on postsecondary education compared with 10 percent nationally. Our per-student investment ranks 12th lowest for four-year public colleges and 15th lowest for community colleges in the nation. Tuition and fees for public four-year schools is about $3,000 higher than national average. And our public universities charge higher tuition than any other state in the Midwest and remain the least affordable in the region for in-state students. Our research shows that Michigan graduates have the 10th highest debt load in the country.

When students are asked to bear the bulk of the increasing cost of college, they respond in three predictable ways: by not enrolling at all, by working too much while studying - a strategy that diminishes the likelihood of graduation - and by borrowing more, which can lead to unaffordable levels of debt and, at worst, default.

Investments in postsecondary education that make college affordable for more students will help keep our state competitive and set our residents up to thrive. Today, there are 175,000 jobs for university graduates and 126,000 jobs for people with associate degrees and postsecondary credentials that are going unfilled in Michigan. In fact, of the 50 high-demand, high-wage occupations in Michigan through 2026, 36 require a four-year college degree or higher. If we increase educational attainment in the state, more Michiganders could seize these opportunities.

Addressing College Affordability

Thanks to the leadership of the members of this committee, Michigan has begun the hard work of getting us back on track to put college in reach for all who want to attend. The increase in support for public colleges last year was a step forward. But there is an urgent need for greater investments to expand college opportunity.
First, need-based scholarship aid is an effective way to help students who need it most. The proposed Reconnect program, for example, would help boost enrollment and completion for older students who are currently left out of existing aid programs, but for whom postsecondary training and education is critical in today’s economy. A long line of research shows each $1,000 in cost reduces enrollment by three to five percentage points. Keeping costs down through scholarship aid is critical to increasing enrollment and persistence through to completion, and it is most effective when delivered to students facing the largest unmet needs.

Second, investing in operating support for public colleges and universities is critical. All of Michigan’s institutions are doing important work supporting and educating students, but spending is directly connected to student success and schools can’t spend money they don’t have. Community colleges provide job training and they can provide a cost-effective path for students to complete the first two years of a four-year degree if their credits transfer. But in inflation-adjusted terms, our state’s 28 institutions are 4 percent below the 2000-2001 per pupil state allotment and four-year colleges are 12 percent below FY2011 levels.

Third, students need more support and information to understand their options and make sound decisions about financial aid. Net price calculators on every college website provide estimates of likely annual costs after grant aid based on a prospective student’s financial and familial circumstances. However, our research has found that these tools can be hard to find, hard to complete, and hard to compare. It is also critical that more families complete the Free Application for Federal Student Aid (FAFSA) to receive all financial aid for which they are eligible. The class of 2017 left $2.3 billion in free federal financial aid on the table by not filling out the FAFSA. Additionally, the financial aid offers students receive from colleges once they are accepted and have completed the FAFSA can be inconsistent, confusing, or misleading. As borrowing has become increasingly necessary to cover net price, it is critical that students understand the difference between loans and grants, as well as the differences between different types of loans. Improvements in these tools could make a big difference for families deciding where to apply, where to attend, and how to pay for it. By augmenting the good work that the Michigan College Access Network has done, more students can receive financial aid that can make the difference between attending college or not.

Fourth, borrowers need more support on the back end to better understand and navigate their repayment options. Federal student loans come with robust protections, including access to income-driven repayment plans with monthly payments as low as $0 and forgiveness after 20 or 25 years of payments. They also come with deferment and forbearance options, public service loan forgiveness, teacher loan forgiveness, and more. These benefits form a valuable safety net for Michigan’s student borrowers and come at no cost to the state. Unfortunately, these benefits can be overly complex and hard to navigate, and students who fail to receive help may default on their loans with life-changing consequences. Michigan’s student borrowers would benefit from information and guidance from a trusted source.

There isn’t one solution to the problem of college affordability in Michigan but, by taking steps in all these areas, this body can help keep Michigan economically thriving and enable its residents to be competitive with our neighbors for decades to come. Thank you very much for your time. I’m happy to take any questions you may have.


Internal calculations by Bob Murphy, MASU. Feb 2020.


Ibid.

Ibid.

Ibid.


MASU calculations by Bob Murphy, Feb 2020.