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Business Leaders for Michigan Offers Legislative Testimony on Higher Education Funding

Business Leaders Say Performance Should Drive Funding Decisions

LANSING, Mich., March 10, 2016 —Business Leaders for Michigan (BLM) provided testimony today to a joint session of the state House and Senate Higher Education Appropriations Subcommittees on the importance of linking higher education funding to performance-based metrics.

“Higher education is critical to economic competitiveness for the state of Michigan,” said Doug Rothwell, BLM president and CEO. “Our annual benchmarking has consistently shown that states with the highest incomes have the highest educational attainment rates. To boost incomes and provide businesses with the talent they need, it is imperative that we continue to strategically invest in our higher education institutions as they are major providers of talent and innovation. If we cannot match other states and regions of world on talent and innovation, not only will we be unable to compete for new jobs, but we risk losing what we have.”

At the hearing, BLM shared data showing how Michigan public universities are performing on several measures of productivity, efficiency, and affordability before and after the introduction of performance-based funding. Highlights of how Michigan public universities compare to their national peers:

- In terms of productivity, when compared to their national peers, all 15 of Michigan’s public institutions were above average or improving in 2014 in producing degrees – up from 13 in 2012.
- With regard to graduation rate, 13 institutions were above average or improving in 2014 – up from 12 in 2012.
- To measure efficiency, the metrics look at what universities are spending on administration as a percent of core expenditures. Thirteen institutions were above average or improving in 2014 on administrative costs – up from 11 in 2012.
- Prior to performance-based funding, when state appropriations were on the decline, tuition rates grew at an annual rate of 6.5 percent. In the last 4 years with reinvestment

based on performance that rate has been reduced by about half to 3.3 percent.

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About Business Leaders for Michigan:

Business Leaders for Michigan, the state's business roundtable, is dedicated to making Michigan a "Top Ten" state for jobs, personal income and a healthy economy. The organization is composed exclusively of the chairpersons, chief executive officers, or most senior executives of Michigan's largest companies and universities. Our members drive 32% of the state's economy, provide nearly 375,000 direct jobs in Michigan, generate over \$1 Trillion in annual revenue and serve nearly one half of all Michigan public university students. Find out more at:

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