

Background Briefing for Commission Members *July 14, 2004*

Prepared by:

John Austin, LCGHEEG Policy Director

John Burkhardt, Senior Policy Advisor
University of Michigan
Center for the Study of Higher and Postsecondary Education (CSHPE)
& Research Fellows

Dr. James Jacobs, Senior Policy Advisor
Center for Community College Research (CCR), Columbia University;
Vice President Macomb Community College

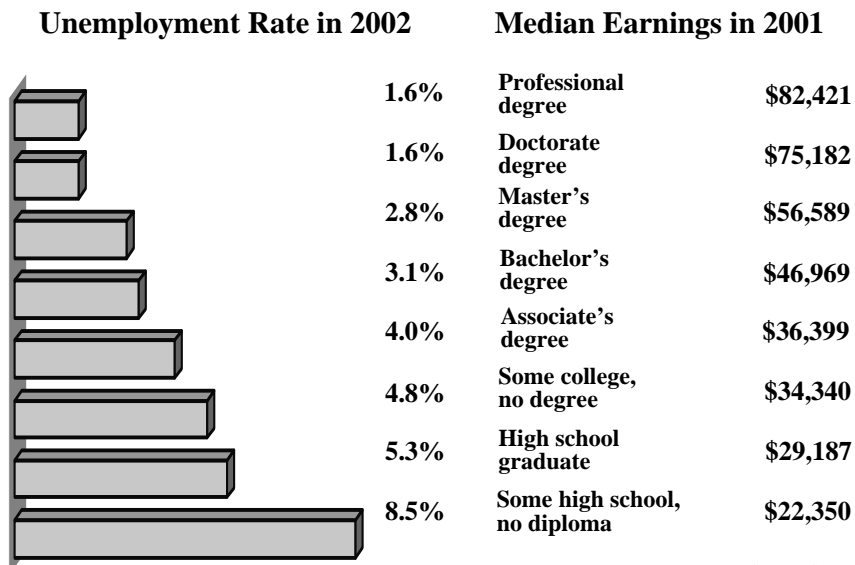
The Commission's Challenge

- Michigan's economic future depends on enhanced levels of education
- New knowledge and innovation are the key to a growing standard of living
- Michigan must educate its young people and citizens to highest level in the world
 - Keep them here
 - Attract the top talent in the world to Michigan

The Case for College: Postsecondary Education for All

- Economic payoffs from higher education:
 - Better-educated people do better
 - Create jobs
 - Make Michigan competitive
- Today difference in income and employment based on education level is stark

College Graduate Earnings



Source: U.S. Dept. of Labor

The Case for College: Postsecondary Education for All

In Michigan we know this story all too well:

- “Brawn work” is being replaced by “brain work”
- Michigan workers’ average weekly wages from 1979–2000: \$514 to \$542
- For those without a high school degree, real wages fell from \$392 to \$292

The Case for College: Postsecondary Education for All

- Higher education levels create jobs and help Michigan attract more
- “Agglomeration effects” from better-educated people & higher education institutions
- Concentration of economic entities and activities in geographic region
- Research, application, new knowledge incubation, synergies with job creation and new business startups

The Case for College: Postsecondary Education for All

- Florida: “the creative class” – talent centers
- Knowledge workers congregate with other knowledge workers
- Leads to innovation and problem-solving, as well as the incubation of new ideas and new businesses
- Michigan’s employers view a skilled workforce as major competitive need

Michigan’s Current Position

To become a world center of knowledge work, Michigan has two related challenges:

- Capturing and educating young adults in the current educational “pipeline”
- Increasing the skills and credentials of the fastest growing segment of population: adults and new immigrants

Michigan's Current Position

- 22% of Michigan adults have attained bachelor's or advanced degrees
- 4% below the national average
- 10% below the states that are leading the nation
- Michigan ranks 34th nationally

Michigan's Current Position

- Relative to other states, Michigan's population is aging
- Slowly growing labor force
- Current significant "brain drain" of young college graduates aged 25–34

Looking Ahead

- Dealing with this challenge
- Must get more Michigan young people “to and through college”
- Adults in labor market move up to improve their skills and get better degrees and credentials

Looking Ahead

Action to meet Michigan’s particular challenges on four levels:

- Increasing the solid preparation for higher education, life, and work
- Increasing participation in higher education opportunities
- Ensuring completion of degrees and credentials of value
- Maximizing the benefits higher education brings to Michigan’s economy

Discussion

Introducing the Work Group Topics

- Further analysis of Michigan's unique assets and its particular challenges in reaching the goals identified by the governor and lieutenant governor
- Examine the power and applicability of key strategies being pursued here and around the country
- Answer key questions regarding the ability of strategies to meet the goal(s) identified

Introducing the Work Group Topics

- Preparation
- Participation
- Completion
- Economic Benefits

Preparation

The Challenge Michigan Faces

- Estimates of Michigan's graduation rates vary
- 73% of Michigan ninth graders graduate from high school four years later
- 32% of Michigan high school students graduate with college-ready transcripts
 - Below the national average (36%)
 - Behind lead states (49%)
 - In addition only 15% and 18% of our Hispanic and black youth are college-ready

Preparation

The Challenge Michigan Faces

- One in three entering college freshmen take at least one remedial course, and in urban community colleges three in every four students
- One in four of young adults (18–24) in Michigan, and a third of young adults in Detroit, were school dropouts

Preparation:

Strategies for Consideration

- Create high school and higher education linkages and partnerships to increase student knowledge about, relationship with, and motivation to pursue higher education
- Develop high school curriculum assessment and graduation requirements based on college/employer expectations and rigorous academic standards
- Educate parents and students about college opportunities including financial options and purposes/benefits of college attendance

Preparation: *Strategies for Consideration*

- Develop accelerated, blended institutions that integrate high school and college and accelerate learning for all students, including at-risk students
- Create incentives for smaller high schools, more personalized and effective smaller learning environments, particularly for at-risk students
- Your ideas?

Participation

The Challenge Michigan Faces

- Michigan residents are participating in college at significantly lower rates than other states in the Union
- Michigan has a participation gap in the number of students aged 18–24 and students aged 25 and older compared to benchmark states

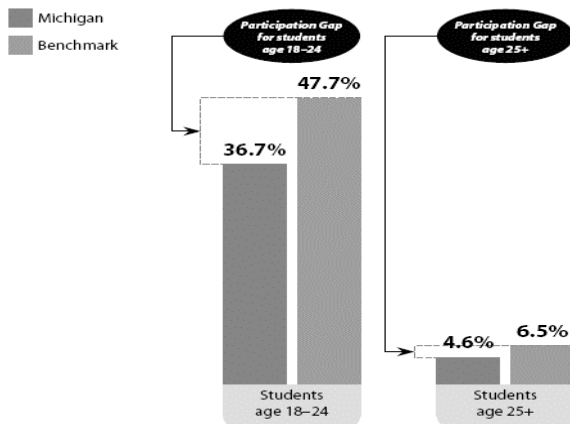
Postsecondary Participation in Michigan

Student age	# of students in 2000	projected # of students in 2015 at current rate	% change 2000-15 at current rate	projected # of students in 2015 at benchmark rate	% change 2000-15 to reach benchmark	Participation Gap in 2015
18-24	341,047	343,321	+1%	446,893	+31%	103,572
25+	293,160	301,119	+3%	419,918	+43%	118,799
All (18+)	634,207	644,440	+2%	866,811	+37%	222,371

Based on the U.S. Census 2000 questionnaire, postsecondary participation means a person residing in the state attended a public or private degree-granting college or university at any time since February 2000.

Postsecondary Participation in Michigan

Current Participation Rates



On average, the college participation rate for the population of 18- to 24-year-olds is 34%, but it ranges from a high of nearly 48% in Rhode Island to a low of 19% in Alaska.

Postsecondary Participation in Michigan

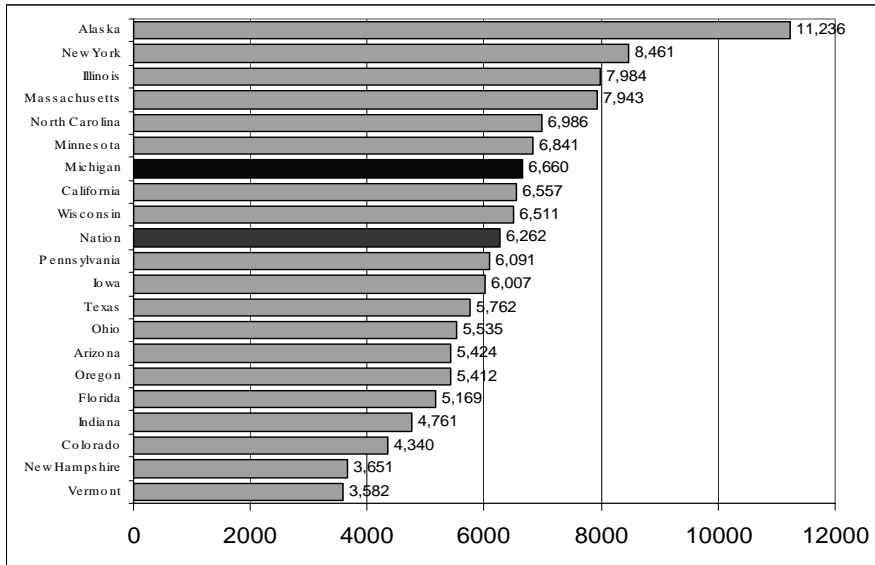
- The Education Commission of the States estimated that Michigan must enroll 222,000 more postsecondary students by 2015 to match the higher education participation rates of benchmark states
- 42% of high school freshman in Michigan enroll in college four years later
- 9.7% of adults aged 18–64 are enrolled in college, putting Michigan just above the national average, but below vanguard states

Participation

The Challenge Michigan Faces

- Significant higher education participation gaps among socioeconomic and racial groups
- 90% of 8th graders say they want to go to college, but less than half do so
- Michigan provides resources on a par with or just above most states in the form of financial aid and per student funding
- Michigan's adult learners today are working and going to school part-time, managing a career and/or family, and/or are new immigrants seeking the tools to participate in the economy

State Appropriations per Full-Time Equivalent (FTE) Student (\$)



Source: The National Information Center for Higher Education Policymaking and Analysis (2003)

Participation

Strategies for Consideration

- Coordinate appropriations, tuition and financial aid policies to increase participation
- Assist higher education institutions in helping students manage a plan to a credential of value
- Expand AP and/or dual enrollment offerings, accelerating experience and higher education next steps for more students
- Enhance the role of community colleges as the gateway to postsecondary degrees, including 4-year degrees
- Expand nontraditional means of college course delivery (e.g., virtual, flexible scheduling) to meet the needs of full-time workers

Participation

Strategies for Consideration

- Utilize GED programs and adult education courses as a steppingstone into community college programs
- Enhance financing tools and resources
- Develop public education/social marketing around the theme that education and degrees of value really matter
- Increase affordability through productivity/efficiency gains
- Encourage community-driven partnerships
- Your ideas?

Completion

The Challenge Michigan Faces

- 179 colleges, universities, and vocational technical institutions
- 632,000 students
- Half of the students who enter college will not complete a college degree
- Fewer than 20% of Michigan's full-time, 2-year-degree students at community colleges graduate within three years—33rd in the country

Completion

The Challenge Michigan Faces

- Only 49% of first-year community college students return the second year in—below the national median of 52%, and behind the rate in lead states of over 60%
- Overall completion rate of 4-year universities is 50–55%
- Completion rates range from a high of 80–90% to under 50% at most public universities; private colleges are slightly better

Completion

The Challenge Michigan Faces

- Completion disparities exist based on race and income.
 - more than 37% of Hispanics over the age of 25 have less than a high school diploma
 - 26% of African Americans
 - 14% of whites
- Only 10.5% of Michigan postsecondary students enrolled in vocational programs earn a degree or credential

Completion

Strategies for Consideration

- Create “lifelong learning” data system to be able to track and report on degree completion and earnings from K–12, higher education, workforce training experiences—used to guide continuing policy decisions
- Develop statewide benchmarks for college attainment, reporting, and progress
- Develop a state strategy for linking/articulating community college programs with 4-year degrees
- Enhance leverage of employer-paid tuition programs such as auto-UAW joint funds for degree completion and advancement in the labor market

Completion

Strategies for Consideration

- Develop short-term milestone credentials of value (certificates, associate’s degrees, skill standard certifications) to encourage adult students to continue working toward degree completions
- Increase retention programs on campuses, including academic advising, mentoring, internships
- Establish institutional completion incentives or other means to reward increased completion
- Facilitate degree acceptance/completion for new immigrants to better attract them to Michigan and take advantage of education and skill levels
- Develop student completion incentives
- Your ideas?

Economic Benefits

The Challenge Michigan Faces

- Higher education is the “jet fuel” of our economy
- Better-educated people as well as higher education institutions have direct and indirect benefits on the state’s economy:
 - Producing graduates in key sectors and disciplines that fuel economic growth
 - Creating new technologies, path-breaking research, and incubating new ideas and industries
 - Fostering dynamic communities with rich creative and cultural aspects that are magnets for knowledge workers from around the glob.

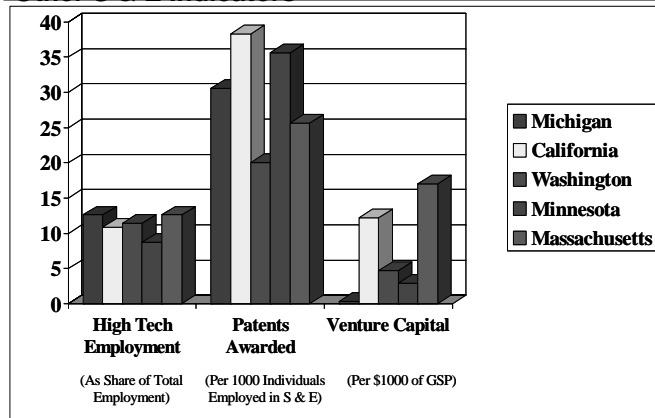
Economic Benefits

The Challenge Michigan Faces

- The Milken Institute’s State Technology and Science Index—technology and science assets that promote economic development: Michigan ranks 25th
- Michigan behind national leaders MA and CA and other East and West Coast states, also behind other states in the Midwest, such as MN, PA, and IL
- In the 2002 New Economy Index, (PPI) Michigan ranks 23rd in the nation—below the national average and below Georgia, which is experiencing in-migration of highly educated young people

Economic Benefits

Other S & E Indicators



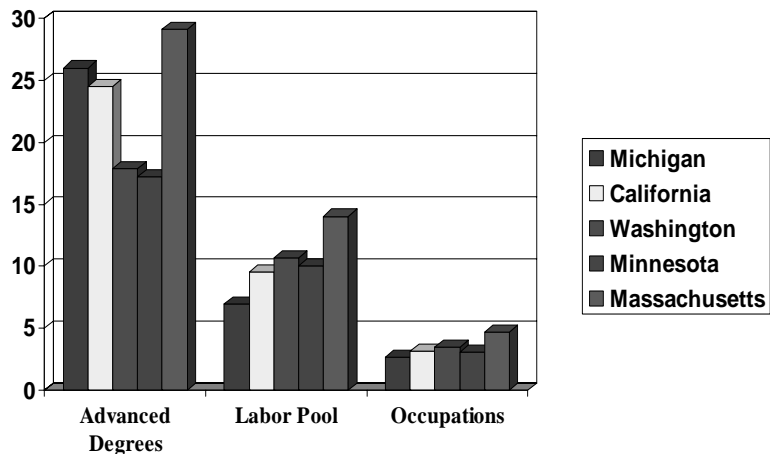
Source: National Science Board (2004) Science and Engineering Indicators 2004. Washington, DC. National Science Foundation.

Economic Benefits: Challenges

- Michigan ranked in the first quartile nationally for awarding advanced degrees in science and engineering
- Michigan lags behind other states in share of the state workforce with science and engineering degrees (3rd quartile) and percentage of people employed in science/engineering occupations (2nd quartile)
- Michigan has a relatively high rate of retaining high-tech grads of its public universities
 - 79% of graduates in-state
 - 55% of graduates from out-of-state

Economic Benefits

Science and Engineering and the Workforce



(As Share of All S & E Degrees Conferred in 2000)

Source: National Science Board (2004) Science and Engineering Indicators 2004. Washington, DC. National Science Foundation.

Economic Benefits

The Challenge Michigan Faces

- Michigan residents between the ages of 22 and 29 with a college degree or higher show out-migration of 43.5%
- Michigan also ranks near the bottom nationally in terms of attracting graduates from other states

Economic Benefits

Strategies for Consideration

- Develop strategies that support R&D workers attraction and retention in Michigan
- Increase support for the commercialization of university research
- Create incentives for key degrees/sectors of occupations linked to economic sectors of need/growth
- Foster regional skill alliances as partnerships with employers and higher education institutions in key sectors of growth and occupational need and demand

Economic Benefits

Strategies for Consideration

- Create rewards for being educated at state institution and remaining in state after graduation by key sector (like proposed engineering incentive)
- Enhance higher education institutional role in urban/ community development
- Develop state policy steering, communication and coordination mechanism to examine performance, guide higher education policy
- Enhance entrepreneurship education efforts
- Your ideas?

Work Process

Craig Ruff, Public Sector Consultants Inc.

Work Components

- Commission meetings
- Work group meetings
- Public meetings

Commission meetings

- Four meetings in total
 - **July 14:** launch and key strategic questions to be answered
 - **September 27:** review work groups' progress and early thoughts about recommendations
 - **November 8:** review work groups' recommendations, resolve inconsistencies, revise strategies, and provide tentative and consensual approval of recommendations
 - **December 10:** approve final report

Work group meetings

- Four workgroups
- Meet 4–6 times during July–November
- Eventually recommend a relatively small number (3–5) of profound policy changes
- Work groups
 - Improving Preparation
 - Expanding Participation
 - Increasing Degree Completion
 - Maximizing Economic Benefits

Public meetings

- Six likely locations
 - Flint/Saginaw
 - Lansing
 - Detroit
 - Grand Rapids
 - Traverse City
 - Marquette
- One meeting per week from mid-September to late October
- Commissioners should attend at least one public meeting

Logistics for this afternoon

- Lunch for commission members is across the street at noon
- Work group assignments, room locations located in your binder
- Work group meetings will start at 1 PM