



Office of the President

December 17, 2021

Mr. Christopher Harkins
State Budget Director
111 South Capitol
P.O. Box 30026
Lansing, MI 48909

Dear Director Harkins:

Central Michigan University (CMU) was established nearly 130 years ago to meet a critical need for teachers and business leaders in the state of Michigan. Today, we continue that legacy of meeting Michigan's needs — for teachers and business leaders, health care professionals, engineers, creatives, communicators and more.

What makes CMU unique is that we offer the resources of a large research institution, as well as the personalized learning experience of a smaller college. As we carry out our threefold mission of teaching and learning, research and creative activity, and service, we focus on finding solutions for the most pressing issues facing our state. Our students are leaders who pursue learning for a greater purpose, aiming to have a positive impact in their communities, and genuinely care about the betterment of our state.

CMU primarily serves students from the state of Michigan. We enroll students from almost every county in the state, and over 85% of on-campus students are from Michigan. Historically, about 70% of CMU graduates choose to live and work here; more than 150,000 CMU alumni currently reside in Michigan and significantly contribute to the state's economy. Degree holders earn, on average, over \$25,000 more per year than individuals with only a high school degree. They also experience unemployment at nearly half the rate.

A college degree provides all students a clear path to greater economic mobility and independence from state assistance, yet higher education may seem out of reach for many in Michigan, especially in times of economic uncertainty. That is why CMU's hallmark is keeping education accessible and affordable for our students and their families. Our undergraduate tuition is the same across all academic programs, so students do not have to worry about price increases for certain majors. We expanded need-based aid and increased the number and value of our scholarships. Over the past decade, CMU has had the lowest tuition increase for entering first-year students, and we offer one of

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the lowest undergraduate rates among Michigan's public colleges and universities. We accomplished this while also being in the lower half of per-student appropriations. We are doing all we can to keep education within reach for Michigan families, but we need your support to continue these efforts.

Our strong undergraduate and graduate programs emphasize learning by doing, and our students can engage in hands-on research and creative activity beginning their very first day on campus. We infuse their classroom learning experiences, as well as co-curricular and extracurricular programs, with practical application to real-world issues.

We are currently stepping up outreach to potential first-year students, particularly those historically underserved by other colleges and universities. We are strengthening our relationships with community colleges, whose students may wish to transfer into a four-year program. We see a tremendous opportunity to serve nontraditional students, particularly working adults, who need to pursue additional education for career changes or promotions. We are also partnering with companies and organizations throughout the state to offer educational programs for their employees.

In all we do at CMU, we are focused on tying our educational, service, and research activities to the needs of the communities we serve. It is our legacy, and we are proud to pursue the greater good for Michigan every day.

In this document, I outline responses to your questions and discuss many of the strategic efforts we are focused on to better support our students as well as the communities we serve across the state. I appreciate this opportunity to share the story of Central Michigan University with you.

Be well,

A handwritten signature in blue ink, appearing to read "Bob Davies", with a long horizontal flourish extending to the right.

Robert O. Davies, Ph.D.

President

1) Over the last three years, funding increases to institutions of higher education have been distributed on an equal basis rather than through a performance funding formula. Does your institution support reinstating a performance funding formula to distribute increased funding?

CMU is interested in a higher education funding formula that remedies the significant disparity in state funding across the 15 public higher education institutions, which continues to be largely based on historical political actions that occurred prior to term limits. Developing a performance funding formula to distribute new or increased funding will not fix the current structural imbalance.

The structure of prior performance funding formulas had flaws. One example is that 50% of any new funding was based on historical appropriation levels, so only a very small portion of funds were allocated through a formula based on actual metrics. When 50% of new funding was allocated based on prior appropriation allocations, that simply exacerbated the inequities in state funding under the guise of a formula.

Many of the other metrics were worthwhile at the surface level, but the scoring mechanism lacked the ability to recognize the difference between marginal growth and significant growth (e.g., institution A was not in the top 20% of its Carnegie peers, but increased a marginal amount over three years and scored the same in that category as institution B who also was not in the top 20% of its Carnegie peers, but increased a significant amount over three years). Overall, CMU does not support reinstating the performance funding formula previously used by the state for distributing new or increased funding.

2) If additional funding were distributed via a performance formula, how should state funding to universities be targeted to best improve student outcomes?

A significant portion of funding would need to be allocated through performance funding metrics to be a key driver in improving student outcomes. Institutions such as CMU invest in areas to enhance student outcomes because that is what is best for our students. The state should be mindful of and recognize institutions that consistently have strong scores on important metrics and not simply apply the same weight for moving up marginally from lower scores. If the state decides to enact performance funding in the near future, we would appreciate the opportunity to have input on which metrics would be appropriate to include in the formula.

As previously mentioned, CMU largely serves students from Michigan and their success benefits the local communities and the state during and after graduation. About 70% of our graduates choose to live and work in Michigan.

3) When performance funding was used in prior years, what was the impact on student academic outcomes?

While CMU did well overall in the performance funding metrics, the very limited amount of funding allocated through the metrics was not the primary driver for institutions to positively impact academic outcomes. Again, institutions such as CMU invested in areas to enhance student outcomes because that is what is best for our students.

4) What were the biggest challenges your university faced with the performance funding formula?

The biggest challenge CMU faced with the performance funding formula is that it largely exacerbated the ongoing inequity of funding amongst the 15 public institutions since such a small amount of funding was allocated through actual metrics. The other significant challenge related to the scoring mechanism (e.g., institutions who were doing relatively poor on specific metrics and showed marginal improvement were rewarded the same as institutions who were doing quite well and showed improvement).

Strategic Planning

CMU launched a Strategic Envisioning Process under the working title, “Rigor, Relevance and Excellence” in late 2019. The process uses strategic design thinking to develop larger, longer-term goals for true institutional transformation rather than focusing on short-term incremental change.

We launched this effort in response to the rapidly changing landscape of higher education and in acknowledgement of mounting external pressures such as demographic shifts; increasing costs and limitations on additional public funding; new competitors entering the higher education marketplace; political and social trends; and skepticism about the value of a college degree and its return on investment.

The Strategic Envisioning Process identified five key areas of focus — our five Strategic Pathways:

1. Enhance the overall academic quality and environment of CMU with a renewed commitment to rigor, relevance and excellence in our curricular, co-curricular and extracurricular programs.
2. Distinguish CMU as fostering a dynamic exchange of ideas and thoughts, leading to action, while fundamentally committing to equity and inclusion.
3. Build and foster a reciprocal ecosystem to promote innovation, economic development and cultural enrichment by engaging with Michigan’s communities for partnerships.
4. Understand and proactively address the dynamic nature of the college student — both current and future.
5. Redefine and expand our business model to increase partnerships with organizations and help individuals advance lifelong learning and achieve career development goals.

Each pathway group identifies strategic design points and near-term action items to continue forward momentum as an institution and support the changing needs of our students, our local communities, our state, and society.

Enrollment Information

CMU's top five programs consist of both undergraduate and graduate degrees. This illustrates CMU's commitment to serving traditional students seeking meaningful careers after college as well as nontraditional students seeking career advancement. The top five programs, based on enrollment, are listed below.

CMU's top five programs/majors and enrollment figures for 2020-21:

Master of Science in Administration	1,324
Psychology	1,129
Master of Business Administration	944
Exercise Science	639
Marketing	527

CMU's anticipated top five programs/majors and enrollment figures for 2025-26:

Master of Science in Administration	1,392
Psychology	1,187
Master of Business Administration	992
Exercise Science	672
Marketing	554

Moving Forward

CMU is mindful of the governor's goal and the needs of employers across the state. The governor's goal requires that institutions truly understand the unique needs of our current and future student population. This is a key area of focus in our strategic envisioning efforts, specifically surrounding the topics of access, flexibility and value.

CMU is committed to making higher education accessible to students across the state. In addition to our main campus in Mount Pleasant, CMU learning centers exist in seven locations across the state — Clinton Township, Dearborn, Grand Rapids, Saginaw, Southfield, Traverse City and Troy — we partner with and have an office within the university center at Lansing Community College and we have a dedicated outreach office in downtown Detroit. CMU also is a leader in the state with respect to online educational offerings — we've been offering online education for more than 20 years. Students need flexibility in the modality of their educational programs, and our goal is for students to

have a seamless transition in modalities when life changes occur. To reach this goal, we recently equipped more than 350 classrooms on our main campus and in learning centers around the state with enhanced technology.

Opportunities for transfer students also are critically important. CMU revised its transfer policies to allow for a more seamless transition to CMU, an effort [recognized for its innovation](#) by the Michigan Association of Collegiate Registrars and Admissions Officers. CMU has many articulation agreements with community colleges and actively participates in the MiTransfer Pathways Initiative. CMU's RN to BSN program is a very successful example of collaboration between community colleges and four-year public institutions for degree completion programs. CMU currently has 11 articulation agreements for this specific program. Also, CMU partners with Mid Michigan College through the Chippewa Achieve Program, which allows MMC students to live in CMU residential housing, identify a route for transferring to CMU, and leverage campus resources to help them along their educational journey.

CMU's educational programs and credentials provide students with significant value based on tuition price and the opportunities available for students.

- CMU's undergraduate tuition rates currently rank among the lowest in the state, 11th of the 15 public four-year institutions. Over the past 10 years, CMU has the lowest cumulative tuition increase of any public four-year institution in the state.
- Roughly 85% of all CMU students receive some type of institutional financial aid or scholarships. CMU recently announced a new scholarship fund for adult learners, as well.
- CMU recently created the "Finish Up Chips" scholarship program to assist students who are close to graduation and at risk of dropping out for financial reasons.

One of our strategic pathways also focuses specifically on rethinking and expanding our educational offerings to partner with individuals and organizations to advance lifelong learning and career development goals.

We acknowledge that not all students need a four-year degree. We must provide opportunities for working adults who need to increase their skill set to progress in their careers, as well as options for individuals seeking not-for-credit options simply to build their knowledge. There is a vibrant marketplace for lifelong learning, and CMU will set the leadership standard for welcoming students with many needs. We are currently expanding options including certificate and micro-credential programs and looking for opportunities to enhance partnerships with employers to offer professional development education.

In addition, not all students will choose to — or be able to — come to Mount Pleasant. We must increase the flexibility of our offerings so we are able to meet our students where they are, geographically and otherwise. For students who live close to one of our learning centers, CMU can offer safe spaces with high-speed internet access to allow them to participate in Mount Pleasant-

based classes through HyFlex technology. Others may wish to participate through fully online modalities.

We will continue to build upon technologies that give students greater choice in how they participate in learning activities, while also revisiting the ways we engage students through online-only programs and in our satellite locations.

The items noted above align well with helping the state achieve the governor's goal of having 60% of Michiganders with a postsecondary degree or certificate by 2030.

FY 2022-23 State Operating Budget Request

All of the initiatives stated above have financial implications and often require trade-offs, including significant budget reductions and continually doing more with less. CMU is committed to serving our students by providing access, affordability and value for their education. Over the past 10 years, CMU has the lowest cumulative tuition increase of any public four-year institution in the state. We ask that institutions with a continued commitment to access and affordability be recognized in a better formula for allocating state appropriations.

COVID-19 continues to cause students and parents a tremendous amount of uncertainty to manage in their personal and professional lives. Through our actions, CMU continues to provide greater certainty for our students and their families as they navigate through the pandemic. We ask you to provide greater certainty that you will invest in higher education with an increase in state support that, at a minimum, aligns with inflation rates outlined by the Higher Education Price Index.

The disparity of state appropriations hinders innovation among the institutions receiving lower levels of appropriations compared to their in-state peers and perpetuates funding largely based on historical political actions that occurred prior to term limits. CMU's closest peer institution in the state currently receives nearly \$23 million more in state funding, yet our undergraduate tuition rates are lower. We will likely need to make budget reductions again in the upcoming year, and significant disparities in state funding between similar institutions provides an advantage to those who fared well under historical state funding agreements that are still in place today. Also, the current tuition restraint language treats institutions that raise tuition to the tuition restraint cap the same as those who stay far under the cap. Institutions with historically low tuition increases, such as CMU, are not being rewarded for doing so.

A growing issue for CMU and other public institutions is deferred maintenance on the buildings and related infrastructure, and ITEM funding (information technology, equipment and maintenance). As revenue consensus figures become clearer this year, we encourage the state to establish a deferred maintenance pool for universities. Creating a pool of funds for this purpose could free up some institutional resources in the near-term to assist the governor in achieving her goal of having 60% of

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Michiganders with a postsecondary degree or certificate by 2030. A state funding pool for deferred maintenance would directly benefit the state's economy by investing in infrastructure that ensures jobs for construction companies across the state.

Each year, the appropriations act includes new or enhanced reporting requirements for institutions in the state boilerplate. CMU believes in accountability and transparency, but each report added takes time and effort of our employees who are already being asked to do more with less due to budget reductions and increased workload. We ask that the state look internally at current data sources such as HEIDI and leverage federal data sources such as IPEDS before inserting new requirements that could be largely redundant.

At CMU, we are educating and developing the leaders of tomorrow, and we need your partnership now to continue this important work. We look forward to participating in future discussions regarding funding allocation methods to further the educational goals of our state.