

Granholm proposes more aid for state universities

She also urges schools to tap into endowment funds to make education more affordable

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By CHRIS CHRISTOFF AND ROBIN ERB

FREE PRESS STAFF WRITERS

Gov. Jennifer Granholm said Thursday she will propose more state money for public universities in her 2008-09 budget plan next week, and will insist that they hold tuition hikes within the inflation rate, even if it means dipping into their private endowments.

“Everyone should be saying, ‘What are these endowments for?’ if not to provide access,” she said in a meeting with the Free Press editorial board.

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She said for endowment money that is not earmarked for construction projects, “Let’s let the money flow, especially at a time like this, when families are struggling,” said Granholm, whose oldest daughter is attending the University of Michigan.

Granholm’s proposal is sure to irk public university officials, who argue that Lansing can’t expect limits on tuition at the same time they cut state aid.

Moreover, endowments already are heavily earmarked for financial aid, and years of hefty investment returns like last year help balance years of losses, said Mike Boulus, director of the Presidents Council, State Universities of Michigan.

While the nation’s largest endowments are measured in the billions, only two Michigan university endowments pass that mark – University of Michigan’s \$7.1- billion fund and Michigan State University’s \$1.2-billion fund.

“Raiding endowments to address the larger affordability problem is a little short-sighted, particularly when the majority of college students attend universities that have little or no endowments,” Boulus said.

Ultimately, he said, it’s too early to read much into funding plans, he said.

“We’ve learned over and over again it’s not where you start but where you end in the budget process,” Boulus said.

Granholm said she will propose increases for universities based on a formula that considers the amount of research, graduation rates and the number of students who receive financial aid.

That would automatically mean larger state funding increases for the three largest universities – U-M, MSU and Wayne State.

Those three universities last year made a bid for a larger chunk of the higher education budget, arguing they provide more research and jobs for Michigan.

Eventually, lawmakers lumped them together in the budget – apart from Michigan’s other 12 public universities – but gave them no more money.

Granholm also said she will ask the Legislature for an additional \$40 million to retrain displaced workers at community colleges. Granholm emphasized the program, called No Worker Left Behind, in her State of the State address on Tuesday.

The governor said her plan to trim \$200 million from the state budget will focus on restraining costs for state prisons, an area she said is most ripe for cost-cutting.

Granholm defended state spending on Medicaid – the largest single cost in the general fund – saying it has risen much less than private health care costs.

She also said she’s urged Senate Majority Leader Mike Bishop, R-Rochester, to allow a Senate vote on a bill to ban smoking in public places, including restaurants and bars, but said he is “not interested.”

The bill has passed the state House.

She says the state works with Detroit on numerous efforts, including Cobo Center expansion plans, neighborhood improvement projects and riverfront redevelopment efforts.

Granholm's comments came Thursday morning after she spoke at the MGM Grand Detroit Casino to a group of business leaders. She recapped several of her proposals from Tuesday's State of the State address.

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