

Nonresident Enrollments at
the University of Michigan

A Summary Prepared for
the Legislative Study Committee

November 16, 1987

Background

The University of Michigan welcomes this opportunity to engage with leaders of state government in a joint study of key enrollment policy issues. We believe these matters are of central importance to our mission of sustaining the University's stature as a world-class institution. They are also central to our commitment to enhance the prosperity and quality of life of the people of Michigan by continuing to provide outstanding education, research, and public service.

Earlier this year, the Board of Regents requested that the University undertake a comprehensive study of both its policies and experience in undergraduate admission and enrollment. This study is well underway, and we believe it will provide valuable information for this Study Committee. At this time, we suggest it is appropriate to provide you with brief overview of the key

facts and issues that have resulted from this study thus far.

Current Enrollment Patterns

There is no single unambiguous figure for the "nonresident ratio" at the University of Michigan. Its value depends on the population being considered.

For example, the percentage of undergraduates enrolled in the University of Michigan system who are Michigan residents has remained remarkably stable at 80% (plus or minus 1%) for the past decade. Indeed, because of general enrollment growth on all of our campuses, we can claim that we are educating more Michigan residents in recent years than ever before in our history.

On the Ann Arbor campus at the present time, 69% of our undergraduates are Michigan residents. While the resident enrollment has experienced a decline of 6% over the past decade as the population of Michigan high school graduates has declined by 20%, in reality the present resident/nonresident mix happens to be quite close to the historical average for the University over a longer perspective.

Throughout most of its history, enrollment at the University of Michigan has consisted of a mix of roughly two-thirds resident and one-third nonresident students. It was only during the peak of the post-war baby boom surge in the 1970s that this percentage of nonresidents rose slightly because of the major growth in the number of Michigan high school graduates.

Now that the demographic surge from the post-war baby boom has passed and the population of high school graduates is dropping rapidly--indeed, by 20% over the past 10 years, and by another 22% in the 5 years to come--, it is not surprising that we have returned to our historical enrollment mix of roughly two-thirds resident, one-third nonresident enrollment.

In fact, it is interesting to note that the Ann Arbor campus today is both admitting and enrolling a higher percentage of Michigan high school graduates than in any other period in recent times!

What has happened recently?

There are actually three key factors which have led to the increase we have experienced in nonresident

undergraduate enrollments in recent years:

- i) a sharp decline in the number of Michigan high school graduates,
- ii) a dramatic increase in the number of applications for admission from nonresidents, and
- iii) our selective, quality-based admissions process

During the past several years we have seen a sharp shift in the composition of applications for admission to the University. The shrinking pool of Michigan high school graduates has caused the number of resident applications to stay relatively constant at 6,500 to 7,500 per year. At the same time, the growing popularity of the University has stimulated a growth in the number of nonresident applications to its present level of 12,000 per year, more than double its level of five years ago.

Although the University has a policy of selective admissions based upon student quality, it continues to give preferential consideration to Michigan applicants. Indeed, it is roughly three times more difficult to enter the University as a nonresident than as a Michigan resident. Furthermore, today we are admitting and enrolling a higher

fraction of Michigan high school graduates than at any time in recent history.

Yet, despite this policy of preferential admissions for Michigan residents, a surging pool of nonresident applications and a shrinking pool of Michigan high school graduates has led to a shift in undergraduate resident/nonresident student mix back toward our historical levels of roughly 70% residents to 30% nonresidents.

Tuition Implications

It is true that the growth in nonresident enrollments has had revenue implications.

The State of Michigan benefits enormously from the University's efforts to sustain the quality of its programs. During the difficult period of the early 1980s, when the State's economic hardships left it unable to meet the full needs of higher education, the University took strong measures to reduce expenses and generate alternative sources of revenue. The expense reduction or retrenchment process was real, it was public, and it was painful. Units were closed or reduced, people lost their jobs, and expenditures were reduced.

At the same time, we launched a massive effort to expand the level of private support. We were also forced to increase both resident and nonresident tuition, thus becoming ever more tuition dependent.

From this perspective, it is also important to note that despite the encouraging increase in state support of the past several years, there remains a very significant gap between the funding of the University of Michigan and its peers. The underinvestment in higher education which began fifteen years ago

and was precipitous in the early 1980s left the University seriously underfunded and heavily dependent upon tuition revenue. Comparative levels of state appropriations and expenditures per student at peer public and private institutions are substantially above that of the University.

More specifically, in U.S. News and World Report several weeks ago, the quality of the undergraduate programs at the University of Michigan were ranked on par with those of the most distinguished public and private institutions in this nation--institutions such as Harvard, Stanford, UC Berkeley, and Princeton. These are our peers.

Yet, these are also just the institutions that we lag significantly behind in funding. In particular, peer public institutions such as UC Berkeley, UCLA, North Carolina, and Virginia benefit from significantly higher levels of state support. This situation is even more pronounced for our private peers. In a very real sense, the quality of the education we are able to provide to our students who, of course, are predominantly Michigan residents, is due in part to our ability to offset the lack of comparable state support by tuition income. A significant reduction in nonresident enrollment at this time, without a corresponding increase in state

appropriation, will require a significant increase in tuition to maintain the quality of our programs. There can be little doubt of this fact.

The Importance of Diversity

The historical breadth and diversity of the student body of the University of Michigan contributes to its standing as one of the leading research universities in the world. The status of the University brings enormous benefits to the State and greatly enhances the education we are capable of providing to the sons and daughters of Michigan citizens.

The diversity of the student body attracted to the University has many far-reaching implications for the State of Michigan:

- The diversity brought to our campus by nonresident students has benefited both the quality of our academic programs and the educational experience of Michigan resident students.
- Nonresident students bring diverse talents, ideas, personal attributes, and backgrounds into the State.
- Many of these nonresident students choose to stay in Michigan, thereby contributing their talents to our State.
- Many of these nonresident students are also sons and daughters of Michigan graduates, thereby representing an

important legacy for our University and our State.

- The mission of the University goes far beyond simply educating the sons and daughters of Michigan citizens. Our ability to fulfill our broader mission of scholarship and public service comes, in large part, from the unique institution character that results from a heterogeneous mix of students and faculty.

Indeed, because we believe we must achieve even greater diversity in our student body to better serve our State, we have taken strong steps in recent months to build on our campus an environment which seeks, nourishes, and sustains diversity of all types: racial, cultural, socioeconomic, gender, and national origin. And it is from this perspective that we must examine the enrollment mix of resident and nonresident students.

The Key Issues Before Us

In summary, it is very important to stress two key issues here:

First, nonresident enrollments have increased over the past several years, and we have become more dependent on nonresident tuition for the support of our programs. The increase in nonresident

enrollments in recent years has primarily been due to a highly competitive admissions process which felt the effects of the demographic decline in the number of Michigan high school graduates, even as the number of nonresident applicants soared.

Furthermore, since our nonresident students pay a tuition essentially equivalent to the full costs of their instruction, reducing the number of nonresident students will not provide additional positions for Michigan residents since it will not release additional resources or space. In fact, it is a sad fact of life that the only way that we can admit additional Michigan residents without a further increase in State appropriation or tuition is to lower the quality of the education we provide at the University by distributing our limited resources over more students.

Second, the demographic decline in the number of Michigan high school graduates is both very real and very certain. This population has already dropped by 20% in the past 10 years. It will drop another 22% over the next 5 years. That is a staggering drop of 42%-- from 135,000 to 78,000 graduates per year -- in only 15 years, and it will pose the most serious challenge to Michigan as our colleges and universities strive to fill

their classrooms from a shrinking pool of students.

From this latter perspective it is essential to recognize that the nonresident ratio should not be a University of Michigan consideration alone. Other Michigan colleges and universities, as well as other sectors of State life, will clearly feel effects of any change in University policy in this area.

Let me suggest that while it is indeed appropriate for both the University and state government to focus on the present enrollment mix of resident and nonresident students, it is also essential that we look as well to the future challenges we will all face with the precipitous decline in the number of Michigan high school graduates.

Concluding remarks:

Changes in the ratio of resident to nonresident enrollment will have important consequences, both direct and indirect, for the University's mission and the State's educational and economic development objectives. The challenge before us today is to determine what the appropriate enrollment mix should be to meet our mutual objectives. However, this challenge cannot be separated from the far more serious implications of the

42% decline in the population of Michigan high school graduates that will have occurred during the 15 year period from 1977 to 1992. This unprecedented event will have the most profound impact both on Michigan's system of higher education and on the prosperity and well-being of our state.

The University of Michigan welcomes this opportunity to engage with the citizens of Michigan in a public discussion of these critical enrollment and fiscal issues. They are central to our mission of retaining our distinction as one of the world's great universities and central to our commitment to enhance the prosperity and quality of life of the people of Michigan by continuing to provide outstanding education, research, and public service.