

**HIGHER EDUCATION: FY 2010-11
Summary: As Passed by the House
Senate Bill 1157 (H-3) as Amended**



Analyst: Kyle I. Jen

| IDG/IDT | FY 2009-10 YTD as of 2/11/10 | FY 2010-11 Executive | FY 2010-11 Senate | FY 2010-11 House | FY 2010-11 Enacted | Difference: House From FY 2009-10 YTD | |
|----------------|---------------------------------|-------------------------|----------------------|----------------------|-----------------------|--|------------|
| | | | | | | Amount | % |
| | \$0 | \$0 | \$0 | \$0 | | \$0 | -- |
| Federal | | | | | | | |
| ARRA | 68,238,000 | 0 | 0 | 0 | | (68,238,000) | (100.0) |
| Non-ARRA | 5,900,000 | 4,500,000 | 11,800,000 | 4,500,000 | | (1,400,000) | (23.7) |
| Local | 0 | 0 | 0 | 0 | | 0 | -- |
| Private | 0 | 0 | 0 | 0 | | 0 | -- |
| Restricted | 30,400,100 | 30,400,000 | 30,400,000 | 30,400,000 | | (100) | (0.0) |
| GF/GP | 1,507,705,200 | 1,543,378,500 | 1,527,238,500 | 1,590,734,800 | | 83,029,600 | 5.5 |
| Gross | 1,612,243,300 | 1,578,278,500 | 1,569,438,500 | 1,625,634,800 | | \$13,391,500 | 0.8 |
| FTEs | 1.0 | 1.0 | 1.0 | 1.0 | | 0.0 | 0.0 |

Notes: (1) FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 11, 2010. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act.

Overview

The Higher Education budget contains funding for operational support of the state's 15 public universities, various financial aid programs for students attending public and independent colleges and universities in the state, and several other higher education-related programs. Appropriations for the 15 public universities are separated into two separate subparts: Research Universities (Michigan State, UM-Ann Arbor, and Wayne State) and State Universities (remaining 12 universities).

| Major Budget Changes From FY 2009-10 YTD Appropriations | FY 2009-10 YTD (as of 2/11/10) | House Change From YTD |
|--|---|----------------------------------|
| 1. University Operations | Gross \$1,461,182,600 | \$0 |
| Executive replaces \$40.5 million in funding available for FY 2009-10 only from the State Fiscal Stabilization Fund (SFSF) under the American Recovery and Reinvestment Act (ARRA) with an equal amount of GF/GP funding, holding each university's Gross appropriation flat from FY 2009-10. Senate concurs with baseline adjustment but applies 3.1% reduction to each of the 15 university operations line items for a total Gross reduction of \$45.8 million. House concurs with Executive. | ARRA 40,483,100 | (40,483,100) |
| | GF/GP \$1,420,699,500 | \$40,483,100 |
| 2. Agricultural Experiment Station | Gross \$34,198,900 | \$0 |
| Executive replaces \$16.1 million in funding available for FY 2009-10 only from the SFSF under ARRA with an equal amount of GF/GP funding, holding Gross appropriation flat from FY 2009-10. Senate concurs with baseline adjustment but applies 3.1% reduction (\$1.1 million) to line item from Gross FY 2009-10 level. House concurs with Executive. | ARRA 16,082,900 | (16,082,900) |
| | GF/GP \$18,116,000 | \$16,802,900 |
| 3. Cooperative Extension Service | Gross \$29,497,000 | \$0 |
| Executive replaces \$11.7 million in funding available for FY 2009-10 only from the SFSF under ARRA with an equal amount of GF/GP funding, holding Gross appropriation flat from FY 2009-10. Senate concurs with baseline adjustment but applies 3.1% reduction (\$924,800) to line item from Gross FY 2009-10 level. House concurs with Executive. | ARRA 11,672,000 | (11,672,000) |
| | GF/GP \$17,825,000 | \$11,672,000 |

| Major Budget Changes From FY 2009-10 YTD Appropriations | | FY 2009-10 YTD (as of 2/11/10) | House Change From YTD |
|---|------------|---|----------------------------------|
| 4. State Competitive Scholarship Program | | Gross \$17,608,500 | \$6,991,500 |
| <u>Executive</u> removes \$1.4 million in federal funds no longer available for the program due to overall reductions in need-based state financial aid funding. <u>Senate</u> concurs. <u>House</u> concurs with removal of federal funds and adds \$8.4 million GF/GP to fund an increase in maximum scholarship award from FY 2009-10 level of \$510 to an estimated \$800 (HFA estimate). | Federal | 2,900,000 | (1,400,000) |
| | GF/GP | \$14,708,500 | \$8,391,500 |
| 5. Tuition Grant Program | | Gross \$31,664,700 | \$100 |
| <u>Executive</u> eliminates \$31.7 million GF/GP appropriation for Tuition Grant Program, a need-based program for students attending independent colleges and universities. <u>Senate</u> maintains funding at current-year level. <u>House</u> maintains current-year funding but adds \$100 point of difference. Assuming proposed increase in State Competitive Scholarship maximum award to \$800, HFA estimates that the Tuition Grant appropriation of \$31.7 million would allow Tuition Grant maximum award to be maintained at FY 2009-10 level of \$1,610 (cap of \$3.0 million per institution under current-year boilerplate provisions is maintained). | GF/GP | \$31,664,700 | \$100 |
| 6. Merit Award Program | | Gross \$100 | (\$100) |
| <u>Executive</u> removes \$100 placeholder included in FY 2009-10 budget for any remaining costs of program, which ended with students graduating from high school in 2006. <u>Senate</u> and <u>House</u> concur. | Restricted | 100 | (100) |
| 7. Tuition Incentive Program | | Gross \$31,200,000 | \$6,200,000 |
| <u>Executive</u> assumes projected cost increase of \$6.2 million due to continued increase in number of Medicaid-eligible students graduating from high school and enrolling in associate's degree programs. Proposed policy changes to (1) limit reimbursed costs for associate's degree students at public universities to average community college tuition rate and (2) eliminate second phase of program (up to \$2,000 toward bachelor's degree) would save an estimated \$7.3 million. Proposed net reduction in program funding is \$1.1 million; remaining \$30.1 million funded from Merit Award Trust Fund. <u>Senate</u> includes \$7.3 million in assumed Temporary Assistance to Needy Families (TANF) funding above <u>Executive</u> funding level to fund projected program costs under current provisions. <u>House</u> includes \$7.3 million to fund projected costs under current provisions, funded from GF/GP revenue. | Restricted | 30,100,000 | 0 |
| | GF/GP | \$1,100,000 | \$6,200,000 |
| 8. Children of Veterans and Officer's Survivor Tuition Program | | Gross \$1,000,000 | \$200,000 |
| <u>Executive</u> includes increase of \$200,000 GF/GP for (1) transfer of Officer's Survivor Tuition Program funding from State Police budget (\$48,500 in FY 2009-10) and (2) anticipated increase in costs for Children of Veterans Tuition Grant Program. A portion of this line item (\$300,000) is funded from income tax check-off contributions. <u>Senate</u> and <u>House</u> concur. | Restricted | 300,000 | 0 |
| | GF/GP | \$700,000 | \$200,000 |
| 9. Other Higher Education Programs | | Gross \$5,891,500 | \$0 |
| Appropriations for remaining programs in the Higher Education budget are all maintained at current FY 2009-10 levels by <u>Executive</u> , <u>Senate</u> , and <u>House</u> : King-Chavez-Parks grant programs, Higher Education Database (HEIDI), Midwestern Higher Education Compact dues, Robert C. Byrd Honors Scholarship Program, and Project GEAR UP. | Federal | 3,000,000 | 0 |
| | GF/GP | \$2,891,500 | \$0 |

Major Boilerplate Changes From FY 2009-10

Sec. 211. Deprived and Depressed Communities – NEW

Directs universities to ensure that businesses in deprived and depressed communities compete for and perform contracts. Executive adds new section; Senate does not include; House includes.

Major Boilerplate Changes From FY 2009-10

Sec. 212. *Payments to Universities* – RETAINED

Provides for 11 monthly payments to universities. Executive revisions: (1) Allows, rather than requires, withholding of payment if university fails to submit HEIDI data. (2) Eliminates requirement of fiscal agency report on appropriation procedures. Senate and House retain current language.

Sec. 214. *Tuition Tax Credit* – RETAINED

Requires universities to submit Tuition Tax Credit notification to fiscal agencies. Executive deletes; Senate and House retain.

Sec. 217. *Conflicts of Interest* – DELETED

States intent that university governing boards examine university operations for potential conflicts of interest. Executive deletes; Senate and House concur.

Sec. 218. *Posting of Expenditures* – NEW

States intent that universities maintain a publicly-accessible website containing all expenditures made within a fiscal year, along with the purpose of each expenditure; prohibits university from expending more than \$100 to implement the website. House adds new section.

Sec. 301. *State Competitive Scholarships* – MODIFIED

Provides for distribution of funds appropriated for State Competitive Scholarships. House modifies language to (1) direct Department of Treasury to determine maximum award amount so as not to exceed appropriation for program and (2) report on additional funds needed to establish maximum award amount of \$800 (if maximum award amount cannot be established at that level).

Sec. 302. *Tuition Grants* – MODIFIED

Provides for distribution of funds appropriated for Tuition Grants. Executive deletes (along with funding); Senate retains. House retains and modifies language to (1) direct Department of Treasury to determine maximum award amount so as not to exceed appropriation for program and (2) report on additional funds needed to maintain FY 2009-10 maximum award amount of \$1,610 (if maximum award amount cannot be established at that level; current-year language references FY 2008-09 maximum award amount of \$2,100).

Sec. 310. *Tuition Incentive Program (TIP)* – MODIFIED

Provides for TIP eligibility/awards. Executive revisions would (1) limit reimbursed costs for associate's degree students at public universities to average community college in-district tuition rate and (2) eliminate second phase of program (up to \$2,000 toward bachelor's degree). Adds prohibition on eligibility for incarcerated individuals. Senate and House do not include proposed reimbursement limit or elimination of second phase but do include prohibition for incarcerated individuals.

Sec. 316. *Financial Aid Workgroup* – RETAINED

States intent for workgroup to examine and make recommendations regarding state financial aid programs. Executive deletes; Senate concurs; House retains section.

Sec. 317. *Intent Regarding Tuition Grants* – DELETED

States intent that, if economy improves and state revenues increase, funding of Tuition Grants is one of foremost priorities in Higher Education budget. Executive deletes; Senate retains; House deletes.

Sec. 318. *Intent Regarding Promise Grants* – MODIFIED

States intent that, if economy improves and state revenues increase, funding of Promise Grants is one of foremost priorities in Higher Education budget. Executive deletes; Senate concurs. House retains but refers to "a broad-based postsecondary financial aid grant or scholarship program to assist and invest in Michigan students."

Sec. 319. *Intent Regarding Financial Aid Programs* – DELETED

States intent that, if economy improves and state revenues increase, funding of Competitive Scholarship, Nursing Scholarship, Work Study, Part-Time Independent Student, and Michigan Education Opportunity Grant Programs are among foremost priorities in Higher Education budget. Executive deletes; Senate retains but includes intent regarding only Competitive Scholarships; House deletes.

Sec. 402. *Douglas Lake Biological Station* – RETAINED

Designates University of Michigan Douglas Lake Biological Station as a unique resource. Executive deletes; Senate and House retain.

Sec. 426. *Private Bookstores* – MODIFIED

States intent regarding private bookstore access to required textbook lists and university-administered financial accounts; states intent regarding university review process for textbook requirements. Executive deletes. Senate replaces with new language stating intent that each university develop policies for minimizing the costs of textbooks and course materials and submit a report on those policies. House concurs with Senate.

Major Boilerplate Changes From FY 2009-10

Sec. 433. Project GREEN – MODIFIED

Allocates funds from Agricultural Experiment and Cooperative Extension line items for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs). Executive deletes subsection stating intent for additional funding for bioeconomy research. Senate and House concur.

Sec. 434. Future Farmers of America – RETAINED

Requires Michigan State University to allocate \$80,000 from its appropriation to the Future Farmers of America Association. Executive deletes; Senate and House retain.

Sec. 436. Tuition Increases – MODIFIED

Requires that funds appropriated from SFSF of ARRA be used to mitigate tuition/fee increases or modernize/renovate/repair facilities, consistent with ARRA provisions. Executive deletes; Senate concurs. (ARRA funds for Higher Education available in FY 2009-10 only.) House replaces with language (1) stating intent for universities to increase general fund financial aid expenditures by at the least the same percentage as resident undergraduate tuition/fees (consistent with language included prior to FY 2009-10), with an emphasis on need-based awards and (2) requiring a report on increases in those amounts, as well as other key financial indicators.

Sec. 450. Per-Student Funding Floor – DELETED

States intent to allocate funds for per-student funding floor of \$3,775 from GF/GP balance at fiscal year-end. Executive deletes; Senate retains; House deletes.

Sec. 451. Indian Tuition Waiver Costs – RETAINED

States intent to allocate funds for unfunded Indian Tuition Waiver costs from GF/GP balance at fiscal year-end. Executive deletes; Senate concurs; House retains.

Sec. 463. Students from Macomb County – RETAINED

Requires universities to report regarding outreach efforts to enroll students from Macomb County. Executive deletes; Senate concurs; House retains.

Sec. 471. Timely Graduation – DELETED

States intent that universities limit changes to general graduation requirements during a student's enrollment and provide counseling to facilitate timely graduation. Executive deletes; Senate and House concur.

Sec. 480. Veterans Policies – RETAINED

States intent for universities to participate in the Yellow Ribbon GI Education Enhancement Program and implement other veterans-related policies. Executive deletes reporting requirement; Senate and House retain requirement.

Sec. 481. Urban Centers – NEW

States intent to consider an appropriation for grants to universities for purpose of hiring a consultant if a university is exploring the possibility of creating an urban center or core in its community. House adds new section.

Sec. 482. Competitive Bidding – NOT INCLUDED

States intent that each university submit a report on the university's use of competitive bid processes for procurement of services, including custodial and food services. Senate adds new section. House does not include.

Sec. 484. Embryonic Stem Cells – NOT INCLUDED

States intent that each university conducting research using human embryonic stem cells derived from donated human embryos submit a report to the Department of Community Health regarding that research. Senate adds new section. House does not include.

Sec. 486. Student Religious Beliefs – NOT INCLUDED

States intent that universities report on efforts to accommodate the sincerely-held religious beliefs of students enrolled in counseling degree programs. Senate adds new section. House does not include.

Sec. 701a. New Degree Programs – MODIFIED

Lists new degree programs established by state universities for which credit hours may be reported to state HEIDI database. Executive deletes; Senate concurs. House inserts new program list subsequently received from Presidents Council.

FY 2010-11 Higher Education Budget

As Passed by the House
Senate Bill 1157 (H-3) as Amended



Research Universities

| | (1) FY 2009-10 Year-to-Date as of 2/11/10 | (2) Remove One-Time ARRA Funds | (3) Replace ARRA Funds with GF/GP | (4) Financial Aid Changes | (5) FY 2010-11 House- Passed | (6) (7) Change from FY 2009-10 \$ Amount Percent | | (8) Change from Exec Rec |
|---------------------------------|--|---|--|---------------------------------|---------------------------------------|--|------------|--------------------------------|
| Michigan State | \$291,841,700 | (\$7,932,700) | \$7,932,700 | | \$291,841,700 | \$0 | 0.0 | \$0 |
| UM - Ann Arbor | 325,347,400 | (8,775,400) | 8,775,400 | | 325,347,400 | 0 | 0.0 | 0 |
| Wayne State | 220,329,200 | (6,003,800) | 6,003,800 | | 220,329,200 | 0 | 0.0 | 0 |
| Agricultural Experiment Station | 34,198,900 | (16,082,900) | 16,082,900 | | 34,198,900 | 0 | 0.0 | 0 |
| Cooperative Extension | 29,497,000 | (11,672,000) | 11,672,000 | | 29,497,000 | 0 | 0.0 | 0 |
| Subtotal | \$901,214,200 | (\$50,466,800) | \$50,466,800 | \$0 | \$901,214,200 | \$0 | 0.0 | \$0 |
| Federal - ARRA | 50,466,800 | (50,466,800) | | | 0 | (50,466,800) | -- | 0 |
| State GF/GP | \$850,747,400 | \$0 | \$50,466,800 | \$0 | \$901,214,200 | \$50,466,800 | 5.9 | \$0 |

State Universities

| | | | | | | | | |
|----------------------|----------------------|-----------------------|---------------------|------------|----------------------|--------------|------------|------------|
| Central Michigan | \$82,436,000 | (\$2,342,100) | \$2,342,100 | | \$82,436,000 | \$0 | 0.0 | \$0 |
| Eastern Michigan | 78,212,100 | (2,246,500) | 2,246,500 | | 78,212,100 | 0 | 0.0 | 0 |
| Ferris State | 50,017,100 | (1,395,300) | 1,395,300 | | 50,017,100 | 0 | 0.0 | 0 |
| Grand Valley State | 63,758,300 | (1,739,900) | 1,739,900 | | 63,758,300 | 0 | 0.0 | 0 |
| Lake Superior State | 13,059,200 | (477,600) | 477,600 | | 13,059,200 | 0 | 0.0 | 0 |
| Michigan Tech | 49,302,100 | (1,431,300) | 1,431,300 | | 49,302,100 | 0 | 0.0 | 0 |
| Northern Michigan | 46,438,200 | (1,289,300) | 1,289,300 | | 46,438,200 | 0 | 0.0 | 0 |
| Oakland | 52,220,800 | (1,530,100) | 1,530,100 | | 52,220,800 | 0 | 0.0 | 0 |
| Saginaw Valley State | 28,517,700 | (807,600) | 807,600 | | 28,517,700 | 0 | 0.0 | 0 |
| UM - Dearborn | 25,437,100 | (733,500) | 733,500 | | 25,437,100 | 0 | 0.0 | 0 |
| UM - Flint | 21,498,900 | (627,200) | 627,200 | | 21,498,900 | 0 | 0.0 | 0 |
| Western Michigan | 112,766,800 | (3,150,800) | 3,150,800 | | 112,766,800 | 0 | 0.0 | 0 |
| Subtotal | \$623,664,300 | (\$17,771,200) | \$17,771,200 | \$0 | \$623,664,300 | \$0 | 0.0 | \$0 |
| Federal - ARRA | 17,771,200 | (17,771,200) | | | 0 | (17,771,200) | -- | 0 |
| State GF/GP | \$605,893,100 | \$0 | \$17,771,200 | \$0 | \$623,664,300 | \$17,771,200 | 2.9 | \$0 |

State/Regional/Grants/Financial Aid

| | | | | | | | | |
|--|------------|--|--|-----------|------------|-----------|---------|------------|
| Higher Education Database | \$105,000 | | | | \$105,000 | \$0 | 0.0 | \$0 |
| Midwestern Higher Ed Compact | 95,000 | | | | 95,000 | 0 | 0.0 | 0 |
| King-Chavez-Parks (three lines) | 2,691,500 | | | | 2,691,500 | 0 | 0.0 | 0 |
| State Competitive Scholarships | 17,608,500 | | | 6,991,500 | 24,600,000 | 6,991,500 | 39.7 | 8,391,500 |
| Tuition Grants | 31,664,700 | | | 100 | 31,664,800 | 100 | 0.0 | 31,664,800 |
| Robert C. Byrd Honors Scholarship Program | 1,500,000 | | | | 1,500,000 | 0 | 0.0 | 0 |
| Michigan Merit Award Program | 100 | | | (100) | 0 | (100) | (100.0) | 0 |
| Tuition Incentive Program | 31,200,000 | | | 6,200,000 | 37,400,000 | 6,200,000 | 19.9 | 7,300,000 |
| Children of Vets and Officer's Survivor Programs | 1,000,000 | | | 200,000 | 1,200,000 | 200,000 | 20.0 | 0 |

| | | | | | | | | |
|--------------------------|---------------------|------------|------------|---------------------|----------------------|---------------------|-------------|---------------------|
| Project GEAR UP | 1,500,000 | | | | 1,500,000 | 0 | 0.0 | 0 |
| Subtotal | \$87,364,800 | \$0 | \$0 | \$13,391,500 | \$100,756,300 | \$13,391,500 | 15.3 | \$47,356,300 |
| Federal - Other | 5,900,000 | | | (1,400,000) | 4,500,000 | (1,400,000) | (23.7) | 0 |
| Merit Award Trust Fund | 30,100,100 | | | (100) | 30,100,000 | (100) | (0.0) | 0 |
| State Restricted - Other | 300,000 | | | | 300,000 | 0 | 0.0 | 0 |
| State GF/GP | \$51,064,700 | \$0 | \$0 | \$14,791,600 | \$65,856,300 | \$14,791,600 | 29.0 | \$47,356,300 |

TOTAL - HIGHER EDUCATION

| | | | | | | | | |
|---------------------------------|------------------------|-----------------------|---------------------|---------------------|------------------------|---------------------|------------|---------------------|
| TOTAL - HIGHER EDUCATION | \$1,612,243,300 | (\$68,238,000) | \$68,238,000 | \$13,391,500 | \$1,625,634,800 | \$13,391,500 | 0.8 | \$47,356,300 |
| Federal | 74,138,000 | (68,238,000) | 0 | (1,400,000) | 4,500,000 | (69,638,000) | (93.9) | 0 |
| State Restricted | 30,400,100 | 0 | 0 | (100) | 30,400,000 | (100) | (0.0) | 0 |
| State GF/GP | \$1,507,705,200 | \$0 | \$68,238,000 | \$14,791,600 | \$1,590,734,800 | \$83,029,600 | 5.5 | \$47,356,300 |