

HIGHER EDUCATION: FY 2008-09

Summary: As Reported by House Subcommittee

Senate Bill 1099 (H-1) Draft 1



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	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Enacted	Difference: House From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0		\$0	--
Federal	7,400,000	7,400,000	7,400,000	7,400,000		0	0.0
Local	0	0	0	0		0	--
Private	0	0	0	0		0	--
Restricted	127,200,000	116,100,000	116,100,000	116,100,000		(11,100,000)	(8.7)
GF/GP	1,761,775,700	1,675,926,000	1,675,926,000	1,675,926,000		(85,849,700)	(4.9)
Gross	\$1,896,375,700	\$1,799,426,000	\$1,799,426,000	\$1,799,426,000		(\$96,949,700)	(5.1)
FTEs	1.0	1.0	1.0	1.0		0.0	0.0

Note: FY 2007-08 year-to-date figures are as of February 7, 2008. Gross and GF/GP reductions from FY 2007-08 to FY 2008-09 result from removal of the one-time payment made to universities in FY 2007-08 to repay August 2007 monthly payment.

Overview

The FY 2007-08 Higher Education budget act contains four articles:

- Article 1 contains a total summary unit for the bill.
- Article 2 covers Research Universities (Michigan State, University of Michigan-Ann Arbor, Wayne State).
- Article 3 covers State Universities (remaining 12 public universities).
- Article 4 covers State and Regional Programs, Grants, and Financial Aid.

The FY 2008-09 Executive Recommendation continues this budget bill format. The Senate-passed version of the bill returns to the format used in budget years previous to FY 2007-08 (no articles; all 15 universities in single line item section). The House Subcommittee utilizes the FY 2007-08 format (four articles).

Major Budget Changes From FY 2007-08 YTD Appropriations

1. Removal of One-Time Payment

Executive removes one-time payment made to the 15 public universities in FY 2007-08 to repay August 2007 monthly payment. Senate and House Subcommittee concur.

	FY 2007-08 YTD (as of 2/7/08)	House Change From YTD
Gross	\$138,736,000	(\$138,736,000)
GF/GP	\$138,736,000	(\$138,736,000)

2. University Operations

Executive provides overall 3.0% increase of \$43.6 million for the 15 public universities. Funds are distributed through participation-, research/commercialization-, and degree completion-based formula components (separate formulas for three research universities and 12 state universities). Individual university increases range from 2.3% to 6.2%.

Gross	\$1,452,727,300	\$38,966,400
GF/GP	\$1,452,727,300	\$38,966,400

Senate provides same overall funding increase, but distributes funds on a 3.0% across-the-board basis.

House Subcommittee provides 2.7% across-the-board increase of \$39.0 million, utilizing remaining funds for Indian Tuition Waiver costs (Item 3 below) and State Competitive Scholarship funding increase (Item 6 below).

3. Indian Tuition Waiver Costs

House Subcommittee adds funds to 15 university line items equal to difference between funds built into FY 2007-08 appropriations for Indian Tuition Waivers required under state statute and actual FY 2006-07 waiver costs.

Gross	NA	\$2,416,500
GF/GP	NA	\$2,416,500

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/7/08)	House Change From YTD	
4. Agricultural Experiment Station		Gross	\$33,996,200	\$911,900
<u>Executive</u> increases Agricultural Experiment Station line item by 3.0% (\$1,019,900). <u>Senate</u> concurs. <u>House Subcommittee</u> provides increase of 2.7%.		GF/GP	\$33,996,200	\$911,900
5. Cooperative Extension Service		Gross	\$30,202,000	\$786,500
<u>Executive</u> increases Cooperative Extension Service line item by 3.0% (\$879,700). <u>Senate</u> concurs. <u>House Subcommittee</u> provides increase of 2.7%.		GF/GP	\$30,202,000	\$786,500
6. State Competitive Scholarships		Gross	\$35,530,500	\$2,400,000
<u>Executive</u> maintains line item for need-based awards to students qualifying on ACT at current-year level and offsets \$1.2 million in one-time restricted funds from MHEAA Operating Fund with GF/GP funds. <u>Senate</u> concurs. <u>House Subcommittee</u> concurs with funding offset and includes additional \$2.4 million to increase maximum scholarship award from \$1,300 to \$1,400.	Federal	2,900,000	0	
	Restricted	1,200,000	(1,200,000)	
	GF/GP	\$31,430,500	\$3,600,000	
7. Tuition Grants		Gross	\$56,668,100	\$0
<u>Executive</u> maintains line item for need-based awards to students attending independent institutions at current-year level and offsets \$1.4 million in one-time carry-forward funds with GF/GP funds. <u>Senate</u> and <u>House Subcommittee</u> concur.	Restricted	1,400,000	(1,400,000)	
	GF/GP	\$55,268,100	\$1,400,000	
8. Merit Award and Promise Grant Programs		Gross	\$103,500,000	(\$7,800,000)
<u>Executive</u> reflects net reduction of \$7.8 million for transition from Merit Award Program to new Michigan Promise Grant Program. \$90.5 million is appropriated for Program Grant awards to 2007 and 2008 high school graduates; \$5.2 million is appropriated for ongoing Merit Awards to high school graduates from prior classes. Estimated cost increase of \$60-\$80 million/year for Promise Grant awards paid after completion of two years of college will begin in FY 2009-10. <u>Senate</u> and <u>House Subcommittee</u> concur.		Restricted	103,500,000	(7,800,000)
9. Tuition Incentive Program (TIP)		Gross	\$21,100,000	\$4,100,000
<u>Executive</u> increases appropriation for projected 19.4% growth in program costs. Program provides financial aid to Medicaid-eligible students subsequently graduating from high school and enrolling in college. <u>Senate</u> and <u>House Subcommittee</u> concur.	Restricted	15,850,000	0	
	GF/GP	\$5,250,000	\$4,100,000	
10. Children of Veterans Tuition Grant Program		Gross	\$1,000,000	\$0
<u>Executive</u> maintains line item at current-year level. Offsets \$700,000 in restricted funds with GF/GP funds to reflect available level of income tax check-off revenue. <u>Senate</u> and <u>House Subcommittee</u> concur.	Restricted	1,000,000	(700,000)	
	GF/GP	\$0	\$700,000	

Major Boilerplate Changes From FY 2007-08

Sec. 203. Research University Definition – RETAINED

Defines "research university" based on Carnegie Classifications. Executive retains; Senate deletes; House Subcommittee retains.

Sec. 210. Foreign Auto Manufacturers – DELETED

States intent that funds appropriated to universities not be used to purchase/lease vehicles assembled outside U.S. Executive, Senate, and House Subcommittee delete.

Sec. 212. University Payments – RETAINED

Provides for university payment schedule. Executive revises to (1) allow, rather than require, withholding of payments if HEIDI data are not submitted and (2) delete requirement for fiscal agency report on appropriations procedures. Senate and House Subcommittee retain current requirements.

Sec. 214. Tuition Tax Credit – RETAINED

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

Major Boilerplate Changes From FY 2007-08

Sec. 216/316. Postsecondary Student Data System – NEW

States intent for state universities and all postsecondary institutions whose students are eligible for state financial aid programs to collaborate with development of a comprehensive preschool-through-postsecondary student data system. House Subcommittee adds new section.

Sec. 301. State Competitive Scholarships – REVISED

Provides for distribution of Competitive Scholarship appropriation. House Subcommittee adds new subsection stating intent for increase in maximum scholarship award from \$1,300 to \$1,400.

Sec. 302. Tuition Grants – REVISED

Provides for distribution of Tuition Grant appropriation. Executive revises to (1) move grant application deadline from July 1 to June 1, (2) delete specified maximum grant award of \$2,100, and (3) delete provisions for carry-forward of unexpended funds. Senate retains current provisions and adds statement of intent to secure a 3.0% increase for the program. House Subcommittee retains July 1 deadline, concurs with Executive deletion of language regarding the maximum award amount and carry-forward of unexpended funds, and does not include intent language for 3.0% increase.

Sec. 315. Financial Aid Report – NEW

Requires annual report from Department of Treasury on state financial aid programs. House Subcommittee adds new section.

Sec. 402. Douglas Lake – RETAINED

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

Sec. 426. Private Bookstores – RETAINED

States intent regarding private bookstore access to required textbook lists and use of funds in university-administered accounts by students at private bookstores. Executive deletes; Senate and House Subcommittee retain.

Sec. 433. Project GREEN – REVISED

Earmarks funds from Ag. Experiment and Extension line items for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs). Executive and Senate increase earmarks to reflect 3.0% line items increases; House Subcommittee reflects 2.7% increases.

Sec. 434. Future Farmers of America – REVISED

States intent that Michigan State University allocate \$80,000 to the Future Farmers of America Association. Executive deletes; Senate and House Subcommittee retain and change from statement of intent to requirement.

Sec. 436. Tuition Restraint – RETAINED

States intent regarding university tuition/fee rates. Executive revises to state expectation that universities will restrain FY 2008-09 resident undergraduate tuition/fee increases to inflationary level of 2.3%. Senate and House Subcommittee do not include new statement.

Sec. 450. Per-Student Funding Floor – DELETED

States intent to allocate funds for \$3,775 per-FYES floor from GF/GP unreserved balances at close of fiscal year. Executive deletes; Senate retains; House Subcommittee deletes.

Sec. 462. Suicide Prevention – RETAINED

States intent that universities develop education program on preventing suicide and violence. Executive and Senate delete; House Subcommittee retains.

Sec. 463. Students From Macomb County – RETAINED

Requires universities to report regarding outreach efforts to students from Macomb County. Executive and Senate delete; House Subcommittee retains.

Sec. 464. Research Commercialization – RETAINED

Requires universities to submit plan regarding research that could be commercialized. Executive deletes. Senate retains and adds prohibition on universities not submitting report from receiving allocation from Technology Commercialization Incentive Fund when fund is established. House Subcommittee retains without additional language.

Sec. 467. Performance Standards – RETAINED

States intent to establish university performance standards. Executive and Senate delete; House Subcommittee retains.

Sec. 468. Incentive-Based Formula – NOT INCLUDED

States that university funding is allocated based on three-part, incentive-based formula. Executive adds new section; Senate and House Subcommittee do not include.

Major Boilerplate Changes From FY 2007-08

Sec. 469. Graduates Receiving Pell Grants – NEW

Requires universities to report the number of graduates who received Pell Grants during their enrollment. Executive adds new section; Senate does not include; House Subcommittee includes new section.

Sec. 470. Presidential Salaries – NOT INCLUDED

States intent that university presidential salary increases be limited to level of inflation. Senate adds new section. House Subcommittee does not include.

Sec. 471. Timely Graduation – NOT INCLUDED

States intent that universities limit changes to general graduation requirements during a student's enrollment and provide counseling to facilitate timely graduation. Senate adds new section. House Subcommittee does not include.

Sec. 472. Payment Delay/Tuition Rates – NOT INCLUDED

States intent that any university that increased its tuition rate based on assumption it would not receive delayed August 2007 payment rebate the tuition increase to its students; provides for FY 2008-09 appropriation for any noncompliant university to be reduced by percentage of applicable tuition increase. Senate adds new section. House Subcommittee does not include.

Sec. 701a. New Degree Programs – REVISED

Lists new degree programs for which state universities may report enrollment data to state. House Subcommittee includes new list of programs approved by Presidents Council's Academic Affairs Officers Committee.

Sec. 715. Nursing Education – NOT INCLUDED

Requires report from Department of Labor and Economic Growth on the status of nursing education in Michigan. Senate adds new section; House Subcommittee does not include.

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	(1) FY 2007-08 Year-to-Date as of 2/7/08	(2) Remove One-Time Payments	(3) Adjusted FY 2007-08 Year-to-Date	(4) Unfunded Indian Tuition Waiver Costs	(5) 2.7% Across- the-Board Increase	(6) MHEC Dues/ Financial Aid	(7) FY 2008-09 House Subcommittee	(8) Change from Adjusted FY08 \$ Amount	(9) Percent
Article 2: Research Universities									
Michigan State	\$290,139,800		\$290,139,800	\$324,500	\$7,782,400		\$298,246,700	\$8,106,900	2.8
UM - Ann Arbor	323,439,900		323,439,900	241,300	8,675,600		332,356,800	8,916,900	2.8
Wayne State	219,046,500		219,046,500	101,000	5,875,500		225,023,000	5,976,500	2.7
Agriculture Experiment Station	33,996,200		33,996,200		911,900		34,908,100	911,900	2.7
Cooperative Extension	29,322,300		29,322,300		786,500		30,108,800	786,500	2.7
One-Time Supplemental Payment	81,910,800	(81,910,800)	0				0	0	--
Subtotal: Article 2	\$977,855,500	(\$81,910,800)	\$895,944,700	\$666,800	\$24,031,900	\$0	\$920,643,400	\$24,698,700	2.8
State GF/GP	\$977,855,500	(\$81,910,800)	\$895,944,700	\$666,800	\$24,031,900	\$0	\$920,643,400	\$24,698,700	2.8
Article 3: State Universities									
Central Michigan	\$81,941,100		\$81,941,100	\$308,900	\$2,197,900		\$84,447,900	\$2,506,800	3.1
Eastern Michigan	77,774,100		77,774,100	143,100	2,086,100		80,003,300	2,229,200	2.9
Ferris State	49,730,800		49,730,800	101,900	1,333,900		51,166,600	1,435,800	2.9
Grand Valley State	63,387,500		63,387,500	301,800	1,700,200		65,389,500	2,002,000	3.2
Lake Superior State	12,981,900		12,981,900	219,200	348,200		13,549,300	567,400	4.4
Michigan Tech	49,028,200		49,028,200	139,000	1,315,100		50,482,300	1,454,100	3.0
Northern Michigan	46,171,500		46,171,500	175,400	1,238,500		47,585,400	1,413,900	3.1
Oakland	51,932,900		51,932,900	134,900	1,393,000		53,460,800	1,527,900	2.9
Saginaw Valley State	28,356,200		28,356,200	9,800	760,600		29,126,600	770,400	2.7
UM - Dearborn	25,295,000		25,295,000	53,600	678,500		26,027,100	732,100	2.9
UM - Flint	21,379,900		21,379,900	21,700	573,500		21,975,100	595,200	2.8
Western Michigan	112,122,000		112,122,000	140,400	3,007,400		115,269,800	3,147,800	2.8
One-Time Supplemental Payment	56,825,200	(56,825,200)	0				0	0	--
Subtotal: Article 3	\$676,926,300	(\$56,825,200)	\$620,101,100	\$1,749,700	\$16,632,900	\$0	\$638,483,700	\$18,382,600	3.0
State GF/GP	\$676,926,300	(\$56,825,200)	\$620,101,100	\$1,749,700	\$16,632,900	\$0	\$638,483,700	\$18,382,600	3.0
Article 4: State/Regional/Grants/Financial Aid									
Higher Education Database	\$200,000		\$200,000				\$200,000	\$0	0.0
Midwestern Higher Ed Compact	90,000		90,000			5,000	95,000	5,000	5.6
King-Chavez-Parks (three lines)	2,691,500		2,691,500				2,691,500	0	0.0
State Competitive Scholarships	35,530,500		35,530,500			2,400,000	37,930,500	2,400,000	6.8
Tuition Grants	56,668,100		56,668,100			0	56,668,100	0	0.0
Michigan Work Study Program	7,326,300		7,326,300				7,326,300	0	0.0
Part-Time Independent Student Prog	2,653,300		2,653,300				2,653,300	0	0.0
Mich Education Opportunity Grants	2,084,200		2,084,200				2,084,200	0	0.0
Byrd Honors Scholarship Program	1,500,000		1,500,000				1,500,000	0	0.0
Nursing Scholarship & Grant Progs	4,250,000		4,250,000				4,250,000	0	0.0
Michigan Merit Award Program	60,000,000		60,000,000			(54,800,000)	5,200,000	(54,800,000)	(91.3)
Michigan Promise Grant Program	43,500,000		43,500,000			47,000,000	90,500,000	47,000,000	108.0
Tuition Incentive Program	21,100,000		21,100,000			4,100,000	25,200,000	4,100,000	19.4
Children of Vets Tuition Grant Prog	1,000,000		1,000,000			0	1,000,000	0	0.0
Project GEAR UP	3,000,000		3,000,000				3,000,000	0	0.0
Subtotal: Article 4	\$241,593,900	\$0	\$241,593,900	\$0	\$0	(\$1,295,000)	\$240,298,900	(\$1,295,000)	(0.5)
Federal	7,400,000		7,400,000				7,400,000	0	0.0
Merit Award Trust Fund	123,600,000		123,600,000			(7,800,000)	115,800,000	(7,800,000)	(6.3)
Other State Restricted	3,600,000		3,600,000			(3,300,000)	300,000	(3,300,000)	(91.7)
State GF/GP	\$106,993,900	\$0	\$106,993,900	\$0	\$0	\$9,805,000	\$116,798,900	\$9,805,000	9.2
TOTAL - HIGHER EDUCATION	\$1,896,375,700	(\$138,736,000)	\$1,757,639,700	\$2,416,500	\$40,664,800	(\$1,295,000)	\$1,799,426,000	\$41,786,300	2.4
Federal	7,400,000	0	7,400,000	0	0	0	7,400,000	0	0.0
State Restricted	127,200,000	0	127,200,000	0	0	(11,100,000)	116,100,000	(11,100,000)	(8.7)
State GF/GP	\$1,761,775,700	(\$138,736,000)	\$1,623,039,700	\$2,416,500	\$40,664,800	\$9,805,000	\$1,675,926,000	\$52,886,300	3.3