

HIGHER EDUCATION: FY 2008-09

Summary: As Passed by the Senate (*REVISED*)

Senate Bill 1099 (S-1)



Analyst: Kyle I. Jen

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

		FY 2007-08 YTD (as of 2/7/08)	Senate Change From YTD
Major Budget Changes From FY 2007-08 YTD Appropriations			
1. Removal of One-Time Payment	Gross	\$138,736,000	(\$138,736,000)
Executive removes one-time payment made to the 15 public universities in FY 2007-08 to repay August 2007 monthly payment. <u>Senate</u> concurs.	GF/GP	\$138,736,000	(\$138,736,000)
2. University Operations	Gross	\$1,452,727,300	\$43,581,700
Executive provides overall 3.0% increase for the 15 public universities. Funds 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%. <u>Senate</u> provides same overall funding increase, but distributes funds on a 3.0% across-the-board basis.	GF/GP	\$1,452,727,300	\$43,581,700
3. Agricultural Experiment Station	Gross	\$33,996,200	\$1,019,900
Executive increases Agricultural Experiment Station line item by 3.0%. <u>Senate</u> concurs.	GF/GP	\$33,996,200	\$1,019,900
4. Cooperative Extension Service	Gross	\$30,202,000	\$879,700
Executive increases Cooperative Extension Service line item by 3.0%. <u>Senate</u> concurs.	GF/GP	\$30,202,000	\$879,700
5. State Competitive Scholarships	Gross	\$35,530,500	\$0
Executive maintains line item for need-based awards to students qualifying on ACT at current-year level. Offsets \$1.2 million in one-time restricted funds from MHEAA Operating Fund with GF/GP funds. <u>Senate</u> concurs.	Federal	2,900,000	0
	Restricted	1,200,000	(1,200,000)
	GF/GP	\$31,430,500	\$1,200,000
6. Tuition Grants	Gross	\$56,668,100	\$0
Executive maintains line item for need-based awards to students attending independent institutions at current-year level. Offsets \$1.4 million in one-time carry-forward funds with GF/GP funds. <u>Senate</u> concurs.	Restricted	1,400,000	(1,400,000)
	GF/GP	\$55,268,100	\$1,400,000

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		FY 2007-08 YTD (as of 2/7/08)	Senate Change From YTD	
7. 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> concurs.		Restricted	103,500,000	(7,800,000)
8. 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> concurs.		Restricted	15,850,000	0
		GF/GP	\$5,250,000	\$4,100,000
9. 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> concurs.		Restricted	1,000,000	(700,000)
		GF/GP	\$0	\$700,000

Major Boilerplate Changes From FY 2007-08

Sec. 203. Research University Definition – DELETED

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

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 and Senate 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 retains current requirements.

Sec. 214. Tuition Tax Credit – RETAINED

Requires universities to submit Tuition Tax Credit documentation to fiscal agencies. Executive deletes; Senate retains.

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.

Sec. 402. Douglas Lake – RETAINED

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

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 retains.

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.

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 retains and changes 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 does not include new statement.

Sec. 450. Per-Student Funding Floor – RETAINED

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.

Major Boilerplate Changes From FY 2007-08

Sec. 462. Suicide Prevention – DELETED

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

Sec. 463. Students From Macomb County – DELETED

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

Sec. 464. Research Commercialization – REVISED

Requires universities to submit plan to inform private/public sectors 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.

Sec. 467. Performance Standards – DELETED

States legislative intent to establish university performance standards. Executive and Senate delete.

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 does not include.

Sec. 469. Graduates Receiving Pell Grants – NOT INCLUDED

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

Sec. 470. Presidential Salaries – NEW

States intent that university presidential salary increases be limited to level of inflation. Senate adds new section.

Sec. 471. Timely Graduation – NEW

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.

Sec. 472. Payment Delay/Tuition Rates – NEW

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.

Sec. 715. Nursing Education – NEW

Requires report from Department of Labor and Economic Growth on the status of nursing education in Michigan. Senate adds new section.

FY 2008-09 Senate-Passed Budget

HIGHER EDUCATION: SB 1099

	(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) 3.0% Increase: University Operations	(5) 3.0% Increase: Ag Experiment/ Extension	(6) MHEC Dues/ Financial Aid	(7) FY 2008-09 Senate- Passed	(8) Change from Adjusted FY08 \$ Amount	(9) Percent	(10) \$ Change from Exec Rec
Article 2: Research Universities*										
Michigan State	\$290,139,800		\$290,139,800	\$8,704,200			\$298,844,000	\$8,704,200	3.0	\$852,800
UM - Ann Arbor	323,439,900		323,439,900	9,703,200			333,143,100	9,703,200	3.0	(486,700)
Wayne State	219,046,500		219,046,500	6,571,400			225,617,900	6,571,400	3.0	(366,100)
Agriculture Experiment Station	33,996,200		33,996,200		1,019,900		35,016,100	1,019,900	3.0	0
Cooperative Extension	29,322,300		29,322,300		879,700		30,202,000	879,700	3.0	0
One-Time Supplemental Payment	81,910,800	(81,910,800)	0				0	0	--	0
Subtotal: Article 2	\$977,855,500	(\$81,910,800)	\$895,944,700	\$24,978,800	\$1,899,600	\$0	\$922,823,100	\$26,878,400	3.0	\$0
State GF/GP	\$977,855,500	(\$81,910,800)	\$895,944,700	\$24,978,800	\$1,899,600	\$0	\$922,823,100	\$26,878,400	3.0	\$0
Article 3: State Universities*										
Central Michigan	\$81,941,100		\$81,941,100	\$2,458,200			\$84,399,300	\$2,458,200	3.0	\$573,600
Eastern Michigan	77,774,100		77,774,100	2,333,200			80,107,300	2,333,200	3.0	544,400
Ferris State	49,730,800		49,730,800	1,491,900			51,222,700	1,491,900	3.0	(75,200)
Grand Valley State	63,387,500		63,387,500	1,901,600			65,289,100	1,901,600	3.0	351,400
Lake Superior State	12,981,900		12,981,900	389,500			13,371,400	389,500	3.0	(417,500)
Michigan Tech	49,028,200		49,028,200	1,470,800			50,499,000	1,470,800	3.0	(679,400)
Northern Michigan	46,171,500		46,171,500	1,385,100			47,556,600	1,385,100	3.0	323,200
Oakland	51,932,900		51,932,900	1,558,000			53,490,900	1,558,000	3.0	21,700
Saginaw Valley State	28,356,200		28,356,200	850,700			29,206,900	850,700	3.0	(148,800)
UM - Dearborn	25,295,000		25,295,000	758,900			26,053,900	758,900	3.0	(718,000)
UM - Flint	21,379,900		21,379,900	641,400			22,021,300	641,400	3.0	(560,200)
Western Michigan	112,122,000		112,122,000	3,363,600			115,485,600	3,363,600	3.0	784,800
One-Time Supplemental Payment	56,825,200	(56,825,200)	0				0	0	--	0
Subtotal: Article 3	\$676,926,300	(\$56,825,200)	\$620,101,100	\$18,602,900	\$0	\$0	\$638,704,000	\$18,602,900	3.0	\$0
State GF/GP	\$676,926,300	(\$56,825,200)	\$620,101,100	\$18,602,900	\$0	\$0	\$638,704,000	\$18,602,900	3.0	\$0
Article 4: State/Regional/Grants/Financial Aid*										
Higher Education Database	\$200,000		\$200,000				\$200,000	\$0	0.0	\$0
Midwestern Higher Ed Compact	90,000		90,000			5,000	95,000	5,000	5.6	0
King-Chavez-Parks (three lines)	2,691,500		2,691,500				2,691,500	0	0.0	0
State Competitive Scholarships	35,530,500		35,530,500			0	35,530,500	0	0.0	0
Tuition Grants	56,668,100		56,668,100			0	56,668,100	0	0.0	0
Michigan Work Study Program	7,326,300		7,326,300				7,326,300	0	0.0	0
Part-Time Independent Student Prog	2,653,300		2,653,300				2,653,300	0	0.0	0
Mich Education Opportunity Grants	2,084,200		2,084,200				2,084,200	0	0.0	0
Byrd Honors Scholarship Program	1,500,000		1,500,000				1,500,000	0	0.0	0
Nursing Scholarship & Grant Progs	4,250,000		4,250,000				4,250,000	0	0.0	0
Michigan Merit Award Program	60,000,000		60,000,000			(54,800,000)	5,200,000	(54,800,000)	(91.3)	0
Michigan Promise Grant Program	43,500,000		43,500,000			47,000,000	90,500,000	47,000,000	108.0	0
Tuition Incentive Program	21,100,000		21,100,000			4,100,000	25,200,000	4,100,000	19.4	0
Children of Vets Tuition Grant Prog	1,000,000		1,000,000			0	1,000,000	0	0.0	0
Project GEAR UP	3,000,000		3,000,000				3,000,000	0	0.0	0
Subtotal: Article 4	\$241,593,900	\$0	\$241,593,900	\$0	\$0	(\$3,695,000)	\$237,898,900	(\$3,695,000)	(1.5)	\$0
Federal	7,400,000		7,400,000				7,400,000	0	0.0	0
Merit Award Trust Fund	123,600,000		123,600,000			(7,800,000)	115,800,000	(7,800,000)	(6.3)	0
Other State Restricted	3,600,000		3,600,000			(3,300,000)	300,000	(3,300,000)	(91.7)	0
State GF/GP	\$106,993,900	\$0	\$106,993,900	\$0	\$0	\$7,405,000	\$114,398,900	\$7,405,000	6.9	\$0
TOTAL - HIGHER EDUCATION	\$1,896,375,700	(\$138,736,000)	\$1,757,639,700	\$43,581,700	\$1,899,600	(\$3,695,000)	\$1,799,426,000	\$41,786,300	2.4	\$0
Federal	7,400,000	0	7,400,000	0	0	0	7,400,000	0	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)	0
State GF/GP	\$1,761,775,700	(\$138,736,000)	\$1,623,039,700	\$43,581,700	\$1,899,600	\$7,405,000	\$1,675,926,000	\$52,886,300	3.3	\$0

*Spreadsheet reflects FY 2007-08 budget bill format; Senate-passed bill does not utilize separate articles.

House Fiscal Agency: 4/2/08