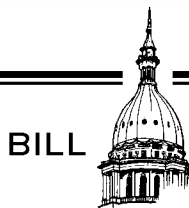




**Senate Fiscal Agency**  
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BILL

ANALYSIS

Telephone: (517) 373-2768

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Senate Bill 193 (as introduced)

[Vehicle for Governor's Recommendation line items is Senate Bill 222](#)

Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation .....	\$1,399,220,400
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**Changes from FY 2012-13 Year-to-Date:**

1. **Performance Funding.** The Governor included a 2.0% GF/GP increase for university operations and allocated funds consistent with the performance funding and tuition restraint formulas adopted in the FY 2012-13 Higher Education budget. Metrics include: weighted undergraduate completions in critical skills, research and development expenditures, six-year graduation rates, total completions, and administrative costs. The Governor maintains the prerequisites for qualifying for performance funding including: participation in at least three reverse transfer agreements, a dual-enrollment policy that does not consider whether the credits were used toward high school graduation, and participation in the Michigan Transfer Network. Table 2 provides details on the Governor's proposed allocation of performance funding. 24,869,000
  
2. **MSU AgBioResearch and Extension.** The Governor increased funding by 2.0% GF/GP, from \$54,204,600 to \$55,288,700. 1,084,100
  
3. **Tuition Incentive Program (TIP).** The Governor increased this program by \$3.2 million GF/GP (7.3%), from \$43.8 million to \$47.0 million. The program provides an incentive to students to complete high school and go on to college by pledging to pay tuition and fees for associate degree or certificate programs, as well as up to a maximum amount of \$2,000 for junior and senior years combined at a four-year institution. Students in grades 6 through 12 who are Medicaid-eligible for 24 months within a 36 consecutive month period can qualify for TIP. To limit growth in the cost of the program, the Governor is recommending that beginning with FY 2014-15, Phase I grants to Michigan public four-year institutions be limited to 300% of the statewide average per credit hour cost of a public community college. 3,200,000
  
4. **Children of Veterans/Officers Survivors Tuition Grants.** The Governor increased funding from \$1.2 million to \$1.4 million. The appropriation funds two programs. Public Act 248 of 2005 repealed a program that had been established in 1935 and replaced it with tuition grants for children of Michigan veterans who either died or were permanently disabled. An undergraduate student at a Michigan two-year or four-year, public or private, institution is eligible for up to four academic years if the student maintains a 2.25 cumulative grade point average. The grants are funded from a State income tax check-off and the General Fund. The annual grant maximum for a full-time student is \$2,800 and for a part-time student is \$1,400. 200,000
  
5. **College Access Program.** The Governor's recommendation transfers this program from the Department of Education to the Higher Education Budget. There is no adjustment to the level of funding in FY 2012-13. 2,000,000

Total Changes .....	\$31,353,100
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FY 2013-14 Governor's Recommendation .....	\$1,430,573,500
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The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

**Changes from FY 2012-13 Year-to-Date:**

1. **Posting of Expenditures.** Posting of financial and other information on university websites. Includes specific salary information. Authorizes Budget Director to withhold State aid payments for noncompliance. The Governor removed listing of individual names and salaries and added listing of number of employees by job classification, revenue and expenditure projections, and institution debt service information to information required to be posted. (Sec. 245)
2. **State Tuition Grant Program.** Public Act 313 of 1966 established the Tuition Grant Program for undergraduate and graduate students at Michigan two-year and four-year private institutions are eligible based on financial need. The annual grant maximum stated in the boilerplate is \$1,512. The Governor changed the application deadline from July 1 to March 1, eliminated work project authorization (carry-forward of unexpended funds), and requires independent colleges and universities to submit annual P-20 longitudinal data system sets to the Center for Educational Performance and Information. The Governor also requires annual reports on the number of tuition grant students that successfully completed a program or graduated, the number of tuition grant students taking remedial classes, and Pell grant students that successfully completed a program or graduated. (Sec. 252)
3. **Tuition Incentive Program.** Sets criteria and financial thresholds for the Tuition Incentive Program (TIP). TIP provides an incentive to students to complete high school and go on to college. The Governor eliminated program criteria from this section and is recommending a new statute to govern the program. The proposed legislation would limit the amount paid for Phase I students attending a university to 300.0% of the average statewide community college per credit hour cost. (Sec. 256)
4. **College Access Program.** Provides criteria for program. Funds can be used for operations, local college access networks, the Michigan College Access Portal, public awareness and outreach campaigns, and subgrants to postsecondary institutions. The Governor is recommending that this program be transferred from Department of Education to the Higher Education Budget. (Sec. 259)
5. **Tuition Restraint.** The Governor changed the limit on resident undergraduate tuition increases from not "greater than 4.0%" to not "4.0% or higher." The Governor also eliminated the requirement for reports on projected tuition, revenue, and expenditures. (Sec. 265)
6. **King-Chavez-Parks-Hood Unexpended Grant Funds.** The Governor modified this section to provide that funds remaining after reallocation of unexpended funds may be used by the Workforce Development Agency for administration of the programs. (Sec. 282)
7. **Deleted Provisions.** The Governor removed the following sections: Second-year appropriation intent language – Governor replaced with line item appropriations (Sec. 236a); buy American/buy Michigan intent language (Sec. 239); purchase of foreign automobiles prohibition (Sec. 239a); provision stating the acceptance and use of Federal or private funds does not place an obligation upon the Legislature to continue the purposes for which the funds are made available (portion of Sec. 242); intent regarding protection/preservation of U of M Douglas Lake Biological Station (Sec. 261); reporting requirement regarding withheld performance funding (portion of Sec. 265a); unfunded Indian tuition waiver costs (Sec. 268); counseling degree programs/student's religious beliefs (Sec. 273); legislative intent that public universities shall not use appropriations to benefit a nonprofit worker center whose documented activities include coercion against a Michigan business (Sec 273a); human embryonic stem cell research report (Sec. 274); legislative intent regarding adult co-resident health benefits (Sec. 274a); Yellow Ribbon GI Education Enhancement Program notice/reporting requirements (portion of Sec. 275); prohibits use of funds for the construction or maintenance of a self-liquidating project, requires compliance with JCOS use and finance requirements and includes penalty provisions (Sec. 275a); new degree programs (Sec. 290); and Federal Educational Rights & Privacy Act (Sec. 293).

Date Completed: 2-14-13

Fiscal Analyst: Bill Bowerman

Table 1

FY 2013-14 HIGHER EDUCATION APPROPRIATIONS: GOVERNOR'S RECOMMENDATION						
	FY 2012-13 Y-T-D Approps.	Total Formula Distribution	Other Changes	FY 2013-14 Governor's Rec.	Dollar Change from FY 2012-13	Percent Change
<b>University</b>						
Central .....	\$71,352,300	\$1,660,100		\$73,012,400	\$1,660,100	2.3%
Eastern .....	66,466,700	600,900		67,067,600	600,900	0.9%
Ferris .....	44,250,700	2,083,400		46,334,100	2,083,400	4.7%
Grand Valley .....	55,436,000	1,778,500		57,214,500	1,778,500	3.2%
Lake Superior .....	12,046,100	620,200		12,666,300	620,200	5.1%
Michigan State .....	245,037,000	2,386,800		247,423,800	2,386,800	1.0%
Michigan Tech .....	42,579,100	1,190,900		43,770,000	1,190,900	2.8%
Northern .....	40,856,600	852,400		41,709,000	852,400	2.1%
Oakland .....	44,964,100	696,400		45,660,500	696,400	1.5%
Saginaw Valley .....	25,656,700	533,700		26,190,400	533,700	2.1%
UM-Ann Arbor .....	274,156,700	3,079,100		277,235,800	3,079,100	1.1%
UM-Dearborn .....	22,237,300	246,300		22,483,600	246,300	1.1%
UM-Flint .....	19,526,600	952,100		20,478,700	952,100	4.9%
Wayne State .....	183,398,300	456,000		183,854,300	456,000	0.2%
Western .....	95,487,500	1,514,900		97,002,400	1,514,900	1.6%
Tuition Restraint Incentive <sup>1)</sup> .....	0	6,217,300		6,217,300	6,217,300	---
MPERS Retiree Health Care .....	446,200			446,200	0	0.0%
MSU AgBioResearch & Extension .....	54,204,600		1,084,100	55,288,700	1,084,100	2.0%
Higher Education Database .....	105,000			105,000	0	0.0%
Midwest Higher Ed Compact .....	95,000			95,000	0	0.0%
King-Chavez-Parks .....	2,691,500			2,691,500	0	0.0%
College Access Program .....	0		2,000,000	2,000,000	2,000,000	---
<b>Total Universities .....</b>	<b>\$1,300,994,000</b>	<b>\$24,869,000</b>	<b>\$3,084,100</b>	<b>\$1,328,947,100</b>	<b>\$27,953,100</b>	<b>2.1%</b>
<b>School Aid Fund .....</b>	<b>\$200,465,700</b>		<b>\$0</b>	<b>200,465,700</b>	<b>\$0</b>	<b>0.0%</b>
<b>State GF/GP .....</b>	<b>\$1,100,528,300</b>	<b>\$24,869,000</b>	<b>\$3,084,100</b>	<b>\$1,128,481,400</b>	<b>\$27,953,100</b>	<b>2.5%</b>
<b>Grants and Financial Aid</b>						
State Competitive Scholarships .....	\$18,361,700			\$18,361,700	\$0	0.0%
Tuition Grants .....	31,664,700			31,664,700	0	0.0%
Tuition Incentive Program (TIP) .....	43,800,000		3,200,000	47,000,000	3,200,000	7.3%
Children of Veterans & Officer's Tuition .....	1,200,000		200,000	1,400,000	200,000	16.7%
Project Gear-Up .....	3,200,000			3,200,000	0	0.0%
<b>Total Grants/Financial Aid .....</b>	<b>\$98,226,400</b>		<b>3,400,000</b>	<b>\$101,626,400</b>	<b>\$3,400,000</b>	<b>3.5%</b>
<b>Federal Higher Ed Act .....</b>	<b>3,200,000</b>		<b>0</b>	<b>3,200,000</b>	<b>0</b>	<b>0.0%</b>
<b>Federal TANF .....</b>	<b>93,826,400</b>		<b>0</b>	<b>93,826,400</b>	<b>0</b>	<b>0.0%</b>
<b>Veterans Tax Check-off .....</b>	<b>100,000</b>		<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0.0%</b>
<b>State GF/GP .....</b>	<b>\$1,100,000</b>		<b>\$3,400,000</b>	<b>\$4,500,000</b>	<b>\$3,400,000</b>	<b>309.1%</b>
<b>TOTAL HIGHER EDUCATION</b>						
<b>TOTAL ALL FUNDS .....</b>	<b>\$1,399,220,400</b>	<b>\$24,869,000</b>	<b>\$6,484,100</b>	<b>\$1,430,573,500</b>	<b>\$31,353,100</b>	<b>2.2%</b>
<b>TOTAL FEDERAL .....</b>	<b>97,026,400</b>	<b>0</b>	<b>0</b>	<b>97,026,400</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL STATE RESTRICTED .....</b>	<b>200,565,700</b>	<b>0</b>	<b>0</b>	<b>200,565,700</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL STATE GF/GP .....</b>	<b>\$1,101,628,300</b>	<b>\$24,869,000</b>	<b>\$6,484,100</b>	<b>\$1,132,981,400</b>	<b>\$31,353,100</b>	<b>2.8%</b>

1) FY 2012-13 tuition restraint incentive appropriation is allocated to university line items. FY 2013-14 distributions will be made to universities after university boards set FY 2013-14 tuition and fee rates.

Table 2

**FY 2013-14 HIGHER EDUCATION APPROPRIATION BILL  
UNIVERSITY OPERATIONS - GOVERNOR'S RECOMMENDATION**

	<b>FY 2012-13 Year-to-Date</b>	<b>Critical Skills</b>	<b>Research &amp; Development Expenditures</b>	<b>Six-Year Graduation Rate</b>	<b>Total Degree Completion</b>	<b>Institutional Support as % of Core Expenditures</b>	<b>Total Performance Funding</b>	<b>FY 2013-14 Governor's Rec.</b>	<b>Percent Change</b>
Central	\$71,352,300	\$197,597	\$12,150	\$285,851	\$276,322	\$888,179	\$1,660,100	\$73,012,400	2.3%
Eastern	66,466,700	186,418	---	---	414,483	---	600,900	67,067,600	0.9%
Ferris	44,250,700	352,001	---	428,776	414,483	888,179	2,083,400	46,334,100	4.7%
Grand Valley	55,436,000	343,090	---	428,776	414,483	592,119	1,778,500	57,214,500	3.2%
Lake Superior	12,046,100	53,265	---	428,776	138,161	---	620,200	12,666,300	5.1%
Michigan State	245,037,000	773,473	474,036	428,776	414,483	296,060	2,386,800	247,423,800	1.0%
Michigan Tech	42,579,100	262,240	85,407	428,776	414,483	---	1,190,900	43,770,000	2.8%
Northern	40,856,600	137,109	---	142,925	276,322	296,060	852,400	41,709,000	2.1%
Oakland	44,964,100	266,560	15,383	---	414,483	---	696,400	45,660,500	1.5%
Saginaw Valley	25,656,700	104,969	---	428,776	---	---	533,700	26,190,400	2.1%
UM-Ann Arbor	274,156,700	763,383	1,176,389	428,776	414,483	296,060	3,079,100	277,235,800	1.1%
UM-Dearborn	22,237,300	103,372	---	142,925	---	---	246,300	22,483,600	1.1%
UM-Flint	19,526,600	108,889	---	428,776	414,483	---	952,100	20,478,700	4.9%
Wayne State	183,398,300	191,354	264,604	---	---	---	456,000	183,854,300	0.2%
Western	95,487,500	301,114	44,448	142,925	138,161	888,179	1,514,900	97,002,400	1.6%
Tuition Restraint <sup>1)</sup>							6,217,300	6,217,300	---
<b>TOTAL</b>	<b>\$1,243,451,700</b>	<b>\$4,144,833</b>	<b>\$2,072,417</b>	<b>\$4,144,833</b>	<b>\$4,144,833</b>	<b>\$4,144,833</b>	<b>\$24,869,000</b>	<b>\$1,268,320,700</b>	<b>2.0%</b>

<sup>1)</sup> FY 2012-13 tuition restraint included in university line items. Tuition restraint amounts for FY 2013-14 will not be allocated until August 2013.