



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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

Items Included by the Senate and House

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|---|-----------|
| 1. <b>Tuition Incentive Program (TIP).</b> Governor, Senate, and House increased this program by \$3.2 million GF/GP (7.3%), from \$43.8 million to \$47.0 million. The program pays 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. | 3,200,000 |
| 2. <b>Children of Veterans/Officers Survivors Tuition Grants.</b> Governor, Senate, and House increased funding from \$1.2 million to \$1.4 million.  | 200,000   |
| 3. <b>College Access Program.</b> Governor's recommendation transferred this program from the Department of Education to the Higher Education Budget. There is no adjustment to the FY 2012-13 level of funding. House and Senate concurred.  | 2,000,000 |

Conference Agreement on Items of Difference

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| 4. <b>Performance Funding.</b> House included \$4.0 million more than the Senate for performance funding. The formula used by the House scored Carnegie classification distributions as follows: 3 for improving, 2 for top 20%, and 1 for above the national median. House modified the distribution formula for Carnegie classifications by weighting the distribution by the number of resident undergraduate fiscal year equated students (FYES). Senate changed the scoring to: 3 for top 20%, 2 for above the national median, and 2 for improving. Conference included Senate scoring and weighted by all undergraduate students (resident and non-resident) for Carnegie distributions. See <u>Table 1</u> for differences in funding allocations by university. | 21,869,000 |
| 5. <b>MPSERS reimbursements.</b> The FY 2012-13 budget included \$446,200 for the purpose of offsetting a portion of the MPSERS contributions. Senate increased this appropriation by \$2.0 million GF/GP. House did not include this increase. Conference concurred with the Senate.  | 2,000,000  |
| 6. <b>American Indian Tuition Waiver.</b> Public Act 174 of 1976 provides for free tuition for Michigan resident North American Indians who attend Michigan public community colleges, universities, and certain Federal tribally controlled community colleges. State appropriations have not kept pace with actual costs. In FY 2012-13, universities absorbed \$4.5 million of waiver costs. Senate added \$2.0 million to offset part of the shortfall. House and Conference did not include this adjustment.  | 0          |
| 7. <b>MSU AgBioResearch and MSU Extension.</b> Governor included a \$1,084,100 (2.0%) increase. House separated the appropriation into two line items, MSU AgBioResearch \$29,706,600, and MSU Extension \$25,582,100. Conference concurred with two line items and increased funding by \$1.0 million over the Governor, Senate, and House.   | 2,084,100  |

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| <b>Total Changes .....</b> | <b>\$31,353,100</b> |
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| <b>FY 2013-14 Conference Report Ongoing/One-Time Gross Appropriation .....</b> | <b>\$1,430,573,500</b> |
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**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2012-13 Year-to-Date:**Items Included by the Senate and House

1. **State Tuition Grant Program.** Governor changed application deadlines, eliminated work project authorization, and required new reporting. Senate and House did not include the Governor's changes. Conference made technical corrections to the carry-forward provision. (Sec. 252)
2. **Other Sections.** Senate and House restored the following sections removed by the Governor: Second-year appropriation intent (Sec. 236a); Buy American intent (Sec. 239); purchase of foreign automobiles prohibition (Sec. 239a); performance funding reporting (portion of Sec. 265a); and human embryonic stem cell research report (Sec. 274). Senate and House concurred on eliminating legislative intent regarding nonprofit worker centers. (Sec 273a).

Conference Agreement on Items of Difference

3. **Federal and Private Funds.** Governor and House removed statement that the acceptance and use of Federal or private funds does not obligate the Legislature to continue program. Senate and Conference retained. (Sec. 242)
4. **Posting of Expenditures.** Governor, Senate, and Conference removed listing of individual names. Senate and Conference require posting block transfer policies and reverse agreements. (Sec. 245)
5. **Tuition Incentive Program.** Governor eliminated program criteria and recommended 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 beginning in FY 2014-15. Conference retained current-year language and did not include Senate and House intent statement limiting future grant amounts. (Sec. 256)
6. **U of M Douglas Lake Biological Station.** Governor and House removed intent statement to protect and preserve the research value of the biological station area and Douglas Lake. Senate and Conference retained. (Sec. 261)
7. **Textbook Cost Review.** Senate and Conference added language stating intent that universities develop policies to minimize the cost of textbooks and course materials. (Sec 262a)
8. **Tuition Restraint.** House and Senate included tuition restraint as a prerequisite for performance funding. House set tuition restraint at 3.0%; Senate set at less than 4.0%. Conference set tuition restraint at 3.75%. (Sec. 265)
9. **Unfunded Indian Tuition Waiver Costs.** Senate included language related to new funding and provided for new reporting requirements. Conference included only new reporting requirements (new funding eliminated). (Sec. 268)
10. **Transfer Credits.** House and Conference added language requiring universities to report on the number of transfer credits, with grade of C or better, rejected for incoming students. (Sec. 272a)
11. **Counseling Degree Programs/Student's Religious Beliefs.** Report on efforts to accommodate religious beliefs of students in counseling degree programs. Governor and Senate removed, House and Conference retained. (Sec. 273)
12. **Adult Co-resident Health Benefits.** Intent statement that universities not provide health insurance/benefits for any adult co-resident of a university employee who is not a spouse or dependent. Governor and Senate removed. House and Conference retained. (Sec. 274a)
13. **Yellow Ribbon GI Education Enhancement Program.** Senate and Conference included intent that universities consider veterans residents for the purpose of tuition rates and fees, and also waive enrollment fees. (Sec. 275)
14. **Self-liquidating Projects/JCOS Rule Compliance.** Governor and House removed. Senate and Conference modified based on recent capital outlay reforms. (Sec. 275a)
15. **Martin Luther King, Jr.-Cesar Chavez-Rosa Parks Grant Funds.** Governor allows unexpended funds to be used by Workforce Development Agency (WDA) for administration costs. House, Senate, and Conference did not include. (Sec. 282)
16. **New Degree Programs.** Provides that public universities may establish the degree programs listed in this section. House maintained; Governor and Senate removed. Conference removed listing, but retained reporting requirement and legislative authority to exclude certain credit hours from HEIDI reports. (Sec. 289 and Sec. 290)
17. **Federal Educational Rights & Privacy Act (FERPA).** Requires universities to provide information from records pursuant to written authorization from student. Governor and House removed; Senate and Conference retained. (Sec. 293)

Date Completed: 5-23-13

Fiscal Analyst: Bill Bowerman

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

**FY 2013-14 University Funding: Conference Report**  
Senate Bill 193 (S-1) CR-1

| University     | Funding Proportional to Share of Total |   |             |                                   |             | Scored vs. National Carnegie Peers |                             |  |                |                   |                            |              |              | *Total<br>Performance<br>Funding | FY 2013-14<br>Appropriation w/<br>Perf Funding | Percent<br>Change |
|----------------|--|---|-------------|-----------------------------------|-------------|------------------------------------|-----------------------------|--|----------------|-------------------|----------------------------|--------------|--------------|----------------------------------|--|-------------------|
|                | % of formula:                          | 22.2%                                       |             | 11.1%                             |             | 66.7%                              |                             |  |                |                   |                            |              |              |                                  |  |                   |
|                | Funding per unit:                      | \$340 per completion                        |             | \$0.0019 per dollar               |             | \$12.25 per weighted pt            |                             |  |                |                   |                            |              |              |                                  |  |                   |
|                | FY 2012-13<br>Year-to-Date             | Critical Skills<br>Undergrad<br>Completions | Funding     | Research &<br>Develop<br>Expendis | Funding     | Six-year<br>Graduation<br>Rate     | Total Degree<br>Completions | Inst Support<br>as % of Core<br>Expendis | Total<br>Score | Undergrad<br>FYES | FYES-<br>Weighted<br>Score | Funding      |              |                                  |  |                   |
| Michigan State | \$245,037,000                          | 2,664                                       | \$906,890   | \$293,704,711                     | \$555,802   | 2                                  | 3                           | 2  | 7              | 34,841            | 243,887                    | \$2,986,649  | \$4,449,300  | \$249,486,300                    | 1.82   |                   |
| UM-Ann Arbor   | 274,156,700                            | 2,629                                       | 895,059     | 728,871,000                       | 1,379,305   | 3                                  | 3                           | 2  | 8              | 27,332            | 218,656                    | 2,677,669    | 4,952,000    | 279,108,700                      | 1.81   |                   |
| Wayne State    | 183,398,300                            | 659   | 224,361     | 163,944,192                       | 310,246     | 0                                  | 0                           | 0  | 0              | 15,828            | 0                          | 0            | 534,700      | 183,933,000                      | 0.29   |                   |
| Michigan Tech  | 42,579,100                             | 903   | 307,474     | 52,917,000                        | 100,139     | 3                                  | 2                           | 2  | 7              | 5,427             | 37,989                     | 465,215      | 872,800      | 43,451,900                       | 2.05   |                   |
| Western        | 95,487,500                             | 1,037                                       | 353,053     | 27,538,940                        | 52,114      | 2                                  | 2                           | 2  | 6              | 18,272            | 109,632                    | 1,342,557    | 1,747,700    | 97,235,200                       | 1.83   |                   |
| Central        | 71,352,300                             | 681   | 231,680     | 7,527,977                         | 14,246      | 3                                  | 3                           | 2  | 8              | 19,275            | 154,200                    | 1,888,339    | 2,134,300    | 73,486,600                       | 2.99   |                   |
| Oakland        | 44,964,100                             | 918   | 312,539     | 9,531,111                         | 18,037      | 0                                  | 2                           | 0  | 2              | 13,888            | 27,776                     | 340,146      | 670,700      | 45,634,800                       | 1.49   |                   |
| Eastern        | 66,466,700                             | 642   | 218,573     |                                   |             | 0                                  | 3                           | 0  | 3              | 15,525            | 46,575                     | 570,359      | 788,900      | 67,255,600                       | 1.19   |                   |
| Ferris         | 44,250,700                             | 1,212                                       | 412,718     |                                   |             | 2                                  | 3                           | 2  | 7              | 10,956            | 76,692                     | 939,173      | 1,351,900    | 45,602,600                       | 3.06   |                   |
| Grand Valley   | 55,436,000                             | 1,182                                       | 402,270     |                                   |             | 3                                  | 3                           | 2  | 8              | 19,668            | 157,344                    | 1,926,840    | 2,329,100    | 57,765,100                       | 4.20   |                   |
| Saginaw Valley | 25,656,700                             | 362   | 123,075     |                                   |             | 2                                  | 0                           | 0  | 2              | 8,288             | 16,576                     | 202,990      | 326,100      | 25,982,800                       | 1.27   |                   |
| UM-Dearborn    | 22,237,300                             | 356   | 121,202     |                                   |             | 2                                  | 0                           | 0  | 2              | 5,927             | 11,854                     | 145,164      | 266,400      | 22,503,700                       | 1.20   |                   |
| UM-Flint       | 19,526,600                             | 375   | 127,671     |                                   |             | 2                                  | 2                           | 0  | 4              | 5,591             | 22,364                     | 273,870      | 401,500      | 19,928,100                       | 2.06   |                   |
| Northern       | 40,856,600                             | 472   | 160,759     |                                   |             | 2                                  | 3                           | 2  | 7              | 8,194             | 57,358                     | 702,408      | 863,200      | 41,719,800                       | 2.11   |                   |
| Lake Superior  | 12,046,100                             | 183   | 62,452      |                                   |             | 2                                  | 2                           | 0  | 4              | 2,408             | 9,632                      | 117,954      | 180,400      | 12,226,500                       | 1.50   |                   |
| TOTAL:         | \$1,243,451,700                        | 14,274                                      | \$4,859,778 | \$1,284,034,931                   | \$2,429,889 | 28                                 | 31                          | 16                                       | 75             | 211,420           | 1,190,535                  | \$14,579,333 | \$21,869,000 | \$1,265,320,700                  | 1.76   |                   |

Total performance funding: **\$21,869,000**

Additional MPSERS reimbursement: \$2,000,000  
Additional MSU AgBioResearch/Extension Increase: 1,000,000  
**Total Funding Increase: \$24,869,000**

| Data Notes                       |                |               |                                       |
|----------------------------------|----------------|---------------|---------------------------------------|
| Component                        | Source         | Years         | Other                                 |
| Critical skills undergrad awards | State HEIDI    | FYs 2011-2012 | Removed accounting/multi-disciplinary |
| Research & develop expend        | Federal IPEDS  | FY 2011       | Carnegie research universities only   |
| Six-year graduation rate         | Federal IPEDS^ | FYs 2007-2010 |                                       |
| Total degree completions         | Federal IPEDS^ | FYs 2007-2010 | Includes graduate degrees             |
| Inst support as % of core expend | Federal IPEDS^ | FYs 2007-2010 | Measure of administrative costs       |
|                                  | ^Via BLM/AEG   |               |                                       |
| Undergrad FYES                   | State HEIDI    | FY 2012       | Includes nonresident students         |

| Scoring                |   |
|------------------------|---|
| Top 20% nationally     | 3 |
| Improving over 3 years | 2 |
| Above national median  | 2 |

\*Requirements to receive performance funding amounts:

1. Restrain FY 2013-14 resident undergraduate tuition/fee rate increase to 3.75% or below
2. Participate in at least three reverse transfer agreements with community colleges (or make good-faith effort)
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Participate in the Michigan Transfer Network