



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 768 (as introduced)

[Vehicle for Governor's Recommendation line items is Senate Bill 838](#)

Committee: Appropriations

FY 2013-14 Year-to-Date Gross Appropriation	\$1,430,573,500
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Changes from FY 2013-14 Year-to-Date:

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| <p>1. University Operations Increase. The Governor's recommendation includes a \$76.9 million (6.1%) increase for university operations. The funding is distributed through the same performance metrics as FY 2013-14 with certain modifications. The changes include distributing half the increase proportionally to universities based on FY 2010-11 appropriations, and adding Pell grants to the metrics that are based on Carnegie classifications. See Table 1 for distributions by university.</p> | 76,892,000 |
| <p>2. MSU AgBioResearch. AgBioResearch performs agricultural research to promote efficient production, marketing, distribution, and use of farm products. AgBioResearch receives funds from the Federal government, as well as State appropriations and local and private revenue. The Governor increased funding by 6.1%, from \$30,243,900 to \$32,088,800.</p> | 1,844,900 |
| <p>3. MSU Extension. The MSU Extension Services identifies and solves farm, home, and community problems through the practical application of Federal and State research findings. MSU Extension Services receives funds from the Federal government, as well as State appropriations and local and private revenue. MSU Extension Services operates Michigan's Expanded Food and Nutrition Education Program (EFNEP), serves as a resource for youth 4-H programs, and provides information on family financial planning. The Governor increased funding by 6.1%, from \$26,044,800 to \$27,633,500.</p> | 1,588,700 |
| <p>4. Tuition Incentive Program (TIP). The Governor increased this program by \$1.5 million GF/GP (3.2%), from \$47.0 million to \$48.5 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.</p> | 1,500,000 |
| <p>5. Higher Education Database Modernization and Conversion. This funding provides support for the maintenance of the Higher Education Institutional Data Inventory (HEIDI). HEIDI is the State's database for enrollment, expenditure, and degree information for Michigan's 15 public universities. The recommended additional funding is necessary to cover current information technology support staff needs.</p> | 95,000 |

Total Changes	\$81,920,600
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FY 2014-15 Governor's Recommendation	\$1,512,494,100
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Changes from FY 2013-14 Year-to-Date:

1. **Posting of Expenditures.** Posting of financial and other information on university websites. The Governor eliminated the provision stating that the State Budget Director shall determine whether a university has complied with this section and also eliminated the Budget Director's authority to withhold a public university's monthly installments for noncompliance. (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. Students are eligible based on financial need. The annual grant maximum stated in the boilerplate is \$1,512. The Governor changes the application deadline from July 1 to March 1, eliminates carry-forward authorization for unexpended funds, and requires independent colleges and universities to submit annual P-20 longitudinal data system sets and annual reports on the number of tuition grant students that successfully complete a program or graduate, the number of tuition grant students taking remedial classes, and Pell grant students that successfully complete a program or graduate. (Sec. 252)
3. **Tuition Incentive Program.** Sets criteria and financial thresholds for the Tuition Incentive Program (TIP). The Governor specifies application for certification must be before August 31, and requires compliance with satisfactory academic progress policy. (Sec. 256)
4. **Tuition Restraint.** Governor sets maximum tuition and fee increase for FY 2014-15 at 3.2% and eliminates cost of mandated health insurance from calculation. (Sec. 265)
5. **Performance Funding Criteria.** Governor revises formula by distributing 50% of the funding increase proportional to each university's share of State funding in FY 2010-11, adds the number of students receiving Pell grants to Carnegie classification metrics, and eliminates intent language that would change the score for improving universities from 2 to 1. (Sec. 265a)
6. **Transfer Credits.** Requires universities to report on the number of transfer credits, with grade of C or better, rejected for incoming students. Governor limits report to credits earned by resident students at postsecondary institutions in Michigan. (Sec. 272a).
7. **King-Chavez-Parks-Hood Unexpended Grant Funds.** The Governor modified this section to provide that funds remaining after reallocation of unexpended funds up to \$100,000 may be used by the Workforce Development Agency for administration of the programs. (Sec. 282)
8. **Deleted Provisions.** The Governor removed the following sections: 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); language stating intent that universities develop policies to minimize the cost of textbooks and course materials (Sec 262a); legislative intent that funds be allocated from the General Fund for unfunded North American Indian tuition waiver costs incurred by public universities (Sec. 268 (1)); counseling degree programs/student's religious beliefs (Sec. 273); 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 Section 238 of 1984 PA 431 and JCOS use and finance requirements, and includes penalty provisions (Sec. 275a); and Federal Educational Rights & Privacy Act compliance (Sec. 293).

Date Completed: 2-11-14

Fiscal Analyst: Bill Bowerman

Table 1

FY 2014-15 HIGHER EDUCATION APPROPRIATIONS: GOVERNOR'S RECOMMENDATION										
University	FY 2013-14 Year-to-Date Appropriation	Across-Board Adjustment	Critical Skills	Research & Development	Metrics Based on Carnegie Peers	Total Formula Distribution	Other Changes	FY 2014-15 Gov's Rec.	\$ Change from FY 2013-14	% Change from FY 2013-14
Central	\$73,540,100	2,169,019	397,056	32,819	3,144,361	5,743,300		\$79,283,400	\$5,743,300	7.8%
Eastern	67,275,400	2,057,883	380,715	0	2,192,852	4,631,400		71,906,800	4,631,400	6.9%
Ferris	45,636,500	1,316,028	711,584	0	1,527,104	3,554,700		49,191,200	3,554,700	7.8%
Grand Valley	57,823,500	1,677,582	744,552	0	3,050,853	5,473,000		63,296,500	5,473,000	9.5%
Lake Superior	12,231,000	343,608	99,228	0	125,314	568,100		12,799,100	568,100	4.6%
Michigan State	249,597,800	7,678,812	1,558,482	1,057,934	4,984,188	15,279,400		264,877,200	15,279,400	6.1%
Michigan Tech	43,473,800	1,297,216	531,332	187,008	507,701	2,523,300		45,997,100	2,523,300	5.8%
Northern	41,741,400	1,221,861	279,624	0	1,110,889	2,612,400		44,353,800	2,612,400	6.3%
Oakland	45,651,600	1,374,011	586,554	37,324	796,594	2,794,500		48,446,100	2,794,500	6.1%
Saginaw Valley	25,991,000	750,346	225,620	0	692,147	1,668,100		27,659,100	1,668,100	6.4%
UM-Ann Arbor	279,232,700	8,560,400	1,572,744	2,371,270	3,918,515	16,422,900		295,655,600	16,422,900	5.9%
UM-Dearborn	22,510,400	669,291	214,152	0	331,062	1,214,500		23,724,900	1,214,500	5.4%
UM-Flint	19,938,200	565,669	250,274	0	625,839	1,441,800		21,380,000	1,441,800	7.2%
Wayne State	183,398,300	5,797,207	378,709	508,991	651,705	7,336,600		190,734,900	7,336,600	4.0%
Western	97,279,000	2,967,070	612,929	76,431	1,971,544	5,628,000		102,907,000	5,628,000	5.8%
MPERS Reimbursement	2,446,200						0	2,446,200	0	0.0%
MSU AgBioResearch	30,243,900						1,844,900	32,088,800	1,844,900	6.1%
MSU Extension	26,044,800						1,588,700	27,633,500	1,588,700	6.1%
Higher Education Database	105,000						95,000	200,000	95,000	90.5%
Midwest Higher Ed Compact	95,000						0	95,000	0	0.0%
King-Chavez-Parks	2,691,500						0	2,691,500	0	0.0%
College Access Program	2,000,000						0	2,000,000	0	0.0%
Total Universities	\$1,328,947,100	\$38,446,003	\$8,543,555	\$4,271,777	\$25,630,667	\$76,892,000	\$3,528,600	\$1,409,367,700	\$80,420,600	6.1%
School Aid Fund	\$200,465,700	0	0	0	0	0	\$0	200,465,700	\$0	0.0%
State GF/GP	\$1,128,481,400	\$38,446,003	\$8,543,555	\$4,271,777	\$25,630,667	\$76,892,000	\$3,528,600	\$1,208,902,000	\$80,420,600	7.1%
Grants and Financial Aid										
State Comp. Scholarships	\$18,361,700						\$0	\$18,361,700	\$0	0.0%
Tuition Grants	31,664,700						0	31,664,700	0	0.0%
Tuition Incentive Prgm (TIP)	47,000,000						1,500,000	48,500,000	1,500,000	3.2%
Children of Vets & Officer's										
Tuition	1,400,000						0	1,400,000	0	0.0%
Project Gear-Up	3,200,000						0	3,200,000	0	0.0%
Total Grants/Financial Aid	\$101,626,400						1,500,000	\$103,126,400	\$1,500,000	1.5%
Federal Higher Ed Act	3,200,000						0	3,200,000	0	0.0%
Federal TANF	93,826,400						0	93,826,400	0	0.0%
Veterans Tax Check-off	100,000						0	100,000	0	0.0%
State GF/GP	\$4,500,000						\$1,500,000	\$6,000,000	\$1,500,000	33.3%
HIGHER EDUCATION SUMMARY										
TOTAL ALL FUNDS	\$1,430,573,500	\$38,446,003	\$8,543,555	\$4,271,777	\$25,630,667	\$76,892,000	\$5,028,600	\$1,512,494,100	\$81,920,600	5.7%
TOTAL FEDERAL	97,026,400	0	0	0	0	0	0	97,026,400	0	0.0%
TOTAL STATE RESTR.	200,565,700	0	0	0	0	0	0	200,565,700	0	0.0%
TOTAL STATE GF/GP	\$1,132,981,400	\$38,446,003	\$8,543,555	\$4,271,777	\$25,630,667	\$76,892,000	\$5,028,600	\$1,214,902,000	\$81,920,600	7.2%