



Senate Fiscal Agency
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BILL ANALYSIS



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

Items Included by the Senate and House

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| 1. Tuition Incentive Program (TIP). The Governor, House, and Senate increased this program by \$1.5 million GF/GP (3.2%), from \$47.0 million to \$48.5 million. | 1,500,000 |
| 2. Higher Education Database Modernization and Conversion. This funding provides support for the maintenance of the Higher Education Institutional Data Inventory (HEIDI). The Governor, Senate, and House increased funding from \$105,000 to \$200,000. | 95,000 |

Conference Agreement on Items of Difference

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| 3. University Operations Increase. The Governor included a \$76.9 million (6.1%) increase, 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. The Senate concurred with the Governor. The House reduced funding by \$6,462,000. Conference included an overall 5.9% increase. See <u>Tables 1 and 2</u> . | 74,637,500 |
| 4. Prohibited Instruction Activity. The Senate reduced funding for MSU by \$500,000 based on new language (Sec. 271A) stating intent that a public university shall not participate in any instructional activity that encourages or discourages union organizing. Conference removed the reduction and modified Sec. 271A. | 0 |
| 5. MSU AgBioResearch. AgBioResearch performs agricultural research to promote efficient production, marketing, distribution, and use of farm products. The Governor and Senate increased funding by \$1,844,900 (6.1%), from \$30,243,900 to \$32,088,800. The House reduced the increase by \$161,500 (a 5.6% increase). Conference included a 5.9% increase. | 1,784,000 |
| 6. MSU Extension. The MSU Extension Services identifies and solves farm, home, and community problems. The Governor and Senate increased funding by \$1,588,700 (6.1%), from \$26,044,800 to \$27,633,500. The House reduced the increase by \$139,000 (a 5.6% increase). Conference included 5.9% increase. | 1,536,300 |
| 7. North American Indian Tuition Waiver. 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 2013-14, universities absorbed \$4.7 million of waiver costs. The Senate added \$500,000 to partially offset the shortfall. Conference concurred with the Senate. | 500,000 |
| 8. Tuition Grants. The House increased funding by \$1,762,500 (5.6%), from \$31,664,700 to \$33,427,200. Conference provided a 5.9% increase. | 1,867,800 |
| 9. FY 2014-15 One-Time Appropriations-Michigan Public School Employees Retirement System (MPERS) Reform. The Senate included \$15.0 million appropriated from the State School Aid Fund to provide funding assistance to universities that have employees who are members of the MPERS (Central, Eastern, Ferris, Lake Superior, Michigan Tech, Northern, and Western). Conference reduced funding to \$4.0 million (School Aid Fund), and designated the funding as one-time. | 4,002,200 |

Total Changes	\$85,922,800
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FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation	\$1,516,496,300
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Amount Over/(Under) GF/GP Target: \$0

Changes from FY 2013-14 Year-to-Date:Items Included by the Senate and House

1. **Tuition Incentive Program.** The Governor, Senate, and House specified that the application for certification must be before August 31, and require compliance with satisfactory academic progress policy. (Sec. 256)
2. **Tuition Restraint.** Governor set the maximum tuition and fee increase for FY 2014-15 at 3.2% and eliminated cost of mandated health insurance from calculation. Senate and House concurred with the 3.2% tuition restraint but maintained current year requirements regarding the calculation for compliance. (Sec. 265)
3. **Performance Funding Criteria.** Reflects FY 2014-15 distribution. Governor eliminated intent language that would change the score for improving universities from 2 to 1 in the next year. Senate and House restored. (Sec. 265a)
4. **Transfer Credits.** Requires report on the number of transfer credits rejected for incoming students. Governor, Senate, and House limited report to credits earned by resident students at Michigan postsecondary institutions. (Sec. 272a)
5. **King-Chavez-Parks-Hood Unexpended Grant Funds.** Governor provided up to \$100,000 in unexpended funds may be used by Workforce Development Agency for administration. Senate and House did not concur. (Sec. 282)
6. **Restored Sections.** Senate and House restored the following sections that were removed by the Governor: Purchase of foreign automobiles prohibition (Sec. 239a); acceptance of Federal or private funds does not obligate Legislature to continue program (part of Sec. 242); protection/preservation of Douglas Lake Biological Station (Sec. 261); policies to minimize the cost of textbooks/course materials (Sec 262a); counseling degree programs/student's religious beliefs (Sec. 273); human embryonic stem cell research report (Sec. 274); adult co-resident health benefits (Sec. 274a); Yellow Ribbon GI Program reporting requirements (part of Sec. 275); compliance with Section 238 of 1984 PA 431/ JCOS rules (Sec. 275a); and Federal Educational Rights & Privacy Act compliance (Sec. 293).

Conference Agreement on Items of Difference

7. **Posting of Expenditures.** Governor eliminated State Budget Director's authority to determine whether a university complied with this section and withhold a public university's monthly installments for noncompliance. Senate and House retained current year requirements with minor wording changes. Senate added new reporting on dual enrollment. Conference concurred with Senate but changed submission of the new report to CEPI. (Sec. 245)
8. **MPERS Reimbursement.** Conference modified this section based on new funding and changed the distribution from being based on health care premiums to based on combined MPERS payroll. (Sec. 246)
9. **State Tuition Grant Program.** Governor changed the application deadline, eliminated carry-forward authorization, and required submission of 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. Senate did not include the Governor's changes. House increased cap for single institution from \$3.0 million to \$3.5 million and required reporting on number of tuition grant students that complete programs or graduate, take remedial education courses or receive Pell Grants. Conference concurred with House but set cap at \$3.2 million. (Sec. 252)
10. **Indian Tuition Waiver.** Governor removed legislative intent to allocated funding from the General Fund for North American Indian tuition waiver costs. Senate and House restored. Senate modified language providing criteria for distribution of funds the Senate added for the program. Conference concurred with Senate. (Sec. 268)
11. **Prohibited Instruction Activity.** Senate added new language stating intent that a public university shall not participate in any instructional activity that encourages or discourages union organizing of employees and included \$500,000 penalty. Conference modified to instead state intent that a public university shall not knowingly and directly use any portion of State funds to offer any instructional activity that targets specific companies or specific groups of companies for unionization or decertification of a union. (Sec. 271A)
12. **Health Insurance Report.** Senate added new language requiring a report on the number of students who had health insurance, the number of students who did not have health insurance, and how much each university spent on health services for uninsured students. Conference removed. (Sec. 271B)
13. **Yellow Ribbon GI Education Enhancement Program.** House and Conference added subsection (2) requiring each public university to report on services provided specifically to veterans and active military duty personnel. (Sec. 275)

Date Completed: 6-5-14

Fiscal Analyst: Bill Bowerman

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

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Table 1: FY 2014-15 Higher Education Appropriation Bill

University	Governor				Senate			House			Conference		
	FY 2013-14 Year-To-Date	FY 2014-15 Gov. Rec.	Dollar Change	Percent Change	FY 2014-15 Senate	Dollar Change	Percent Change	FY 2014-15 House	Dollar Change	Percent Change	FY 2014-15 Conference	Dollar Change	Percent Change
Central	\$73,540,100	\$79,283,400	\$5,743,300	7.8%	\$79,283,400	\$5,743,300	7.8%	\$78,800,700	\$5,260,600	7.2%	\$79,115,000	\$5,574,900	7.6%
Eastern	67,275,400	71,906,800	4,631,400	6.9%	71,906,800	4,631,400	6.9%	71,517,600	4,242,200	6.3%	71,771,100	4,495,700	6.7%
Ferris	45,636,500	49,191,200	3,554,700	7.8%	49,191,200	3,554,700	7.8%	48,892,500	3,256,000	7.1%	49,087,000	3,450,500	7.6%
Grand Valley	57,823,500	63,296,500	5,473,000	9.5%	63,296,500	5,473,000	9.5%	62,836,500	5,013,000	8.7%	63,136,000	5,312,500	9.2%
Lake Superior	12,231,000	12,799,100	568,100	4.6%	12,799,100	568,100	4.6%	12,751,500	520,500	4.3%	12,782,500	551,500	4.5%
Michigan State	249,597,800	264,877,200	15,279,400	6.1%	264,377,200	14,779,400	5.9%	263,593,100	13,995,300	5.6%	264,429,100	14,831,300	5.9%
Michigan Tech	43,473,800	45,997,100	2,523,300	5.8%	45,997,100	2,523,300	5.8%	45,785,500	2,311,200	5.3%	45,923,100	2,449,300	5.6%
Northern	41,741,400	44,353,800	2,612,400	6.3%	44,353,800	2,612,400	6.3%	44,134,200	2,392,800	5.7%	44,277,200	2,535,800	6.1%
Oakland	45,651,600	48,446,100	2,794,500	6.1%	48,446,100	2,794,500	6.1%	48,211,200	2,559,600	5.6%	48,364,100	2,712,500	5.9%
Saginaw Valley	25,991,000	27,659,100	1,668,100	6.4%	27,659,100	1,668,100	6.4%	27,518,900	1,527,900	5.9%	27,610,200	1,619,200	6.2%
UM-Ann Arbor	279,232,700	295,655,600	16,422,900	5.9%	295,655,600	16,422,900	5.9%	294,275,400	15,042,700	5.4%	295,174,100	15,941,400	5.7%
UM-Dearborn	22,510,400	23,724,900	1,214,500	5.4%	23,724,900	1,214,500	5.4%	23,622,900	1,112,500	4.9%	23,689,300	1,178,900	5.2%
UM-Flint	19,938,200	21,380,000	1,441,800	7.2%	21,380,000	1,441,800	7.2%	21,258,800	1,320,600	6.6%	21,337,700	1,399,500	7.0%
Wayne State	183,398,300	190,734,900	7,336,600	4.0%	190,734,900	7,336,600	4.0%	190,118,400	6,720,100	3.7%	190,519,800	7,121,500	3.9%
Western	97,279,000	102,907,000	5,628,000	5.8%	102,907,000	5,628,000	5.8%	102,434,000	5,155,000	5.3%	102,742,000	5,463,000	5.6%
Subtotal University Operations:	\$1,265,320,700	\$1,342,212,700	\$76,892,000	6.1%	\$1,341,712,700	\$76,392,000	6.0%	\$1,335,750,700	\$70,430,000	5.6%	\$1,339,958,200	\$74,637,500	5.9%
MPERSERS Reimbursement	2,446,200	2,446,200	0	0.0%	2,446,200	0	0.0%	2,446,200	0	0.0%	2,446,200	0	0.0%
MPERSERS Reform	0	0	0	0.0%	15,000,000	15,000,000	--	0	0	0.0%	4,002,200	4,002,200	--
MSU AgBioResearch	30,243,900	32,088,800	1,844,900	6.1%	32,088,800	1,844,900	6.1%	31,927,300	1,683,400	5.6%	32,027,900	1,784,000	5.9%
MSU Extension	26,044,800	27,633,500	1,588,700	6.1%	27,633,500	1,588,700	6.1%	27,494,500	1,449,700	5.6%	27,581,100	1,536,300	5.9%
Higher Education Database	105,000	200,000	95,000	90.5%	200,000	95,000	90.5%	200,000	95,000	90.5%	200,000	95,000	90.5%
Midwest Higher Ed Compact	95,000	95,000	0	0.0%	95,000	0	0.0%	95,000	0	0.0%	95,000	0	0.0%
King-Chavez-Parks	2,691,500	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%
College Access Program	2,000,000	2,000,000	0	0.0%	2,000,000	0	0.0%	2,000,000	0	0.0%	2,000,000	0	--
Total Universities	\$1,328,947,100	\$1,409,367,700	\$80,420,600	6.1%	\$1,423,867,700	\$94,920,600	7.1%	\$1,402,605,200	\$73,658,100	5.5%	\$1,411,002,100	\$82,055,000	6.2%
School Aid Fund	\$200,465,700	200,465,700	\$0	0.0%	215,465,700	15,000,000	7.5%	200,465,700	0	0.0%	204,467,900	4,002,200	2.0%
State GF/GP	\$1,128,481,400	\$1,208,902,000	\$80,420,600	7.1%	\$1,208,402,000	79,920,600	7.1%	\$1,202,139,500	73,658,100	6.5%	1,206,534,200	78,052,800	6.9%
Grants and Financial Aid													
State Competitive Scholarships	\$18,361,700	\$18,361,700	\$0	0.0%	\$18,361,700	0	0.0%	18,361,700	0	0.0%	18,361,700	0	0.0%
Tuition Grants	31,664,700	31,664,700	0	0.0%	31,664,700	0	0.0%	33,427,200	1,762,500	5.6%	33,532,500	1,867,800	5.9%
Tuition Incentive Program (TIP)	47,000,000	48,500,000	1,500,000	3.2%	48,500,000	1,500,000	3.2%	48,500,000	1,500,000	3.2%	48,500,000	1,500,000	3.2%
Children of Veterans & Officer's Tuition	1,400,000	1,400,000	0	0.0%	1,400,000	0	0.0%	1,400,000	0	0.0%	1,400,000	0	0.0%
Project Gear-Up	3,200,000	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%
North American Indian Tuition Waiver	0	0	0	0.0%	500,000	500,000	---	0	0	0.0%	500,000	500,000	0.0%
Total Grants/Financial Aid	\$101,626,400	\$103,126,400	\$1,500,000	1.5%	\$103,626,400	2,000,000	2.0%	\$104,888,900	3,262,500	3.2%	105,494,200	3,867,800	3.8%
Federal Higher Ed Act	3,200,000	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%	3,200,000	0	0.0%
Federal TANF	93,826,400	93,826,400	0	0.0%	93,826,400	0	0.0%	93,826,400	0	0.0%	93,826,400	0	0.0%
Veterans Tax Check-off	100,000	100,000	0	0.0%	100,000	0	0.0%	100,000	0	0.0%	100,000	0	0.0%
State GF/GP	\$4,500,000	\$6,000,000	\$1,500,000	33.3%	\$6,500,000	2,000,000	44.4%	\$7,762,500	3,262,500	72.5%	\$8,367,800	3,867,800	86.0%
TOTAL HIGHER EDUCATION													
TOTAL ALL FUNDS	\$1,430,573,500	\$1,512,494,100	\$81,920,600	5.7%	\$1,527,494,100	\$96,920,600	6.8%	\$1,507,494,100	\$76,920,600	5.4%	\$1,516,496,300	\$85,922,800	6.0%
TOTAL FEDERAL	97,026,400	97,026,400	0	0.0%	97,026,400	0	0.0%	97,026,400	0	0.0%	97,026,400	0	0.0%
TOTAL STATE RESTRICTED	200,565,700	200,565,700	0	0.0%	215,565,700	15,000,000	7.5%	200,565,700	0	0.0%	204,567,900	4,002,200	2.0%
TOTAL STATE GF/GP	\$1,132,981,400	\$1,214,902,000	\$81,920,600	7.2%	\$1,214,902,000	\$81,920,600	7.2%	\$1,209,902,000	\$76,920,600	6.8%	\$1,214,902,000	\$81,920,600	7.2%

Table 2: FY 2014-15 Higher Education Conference Committee Details

FY 2014-15 Conference Adjustments										
University	FY 2013-14 Year-To-Date Appropriation	Formula Allocations				Total Formula Distribution	Other Changes	FY 2014-15 Conference	Dollar Change From 2013-14	Percent Change
		Proportional to FY 11 Base	Critical Skills	Research & Development	Metrics based on Carnegie Peers					
Central	\$73,540,100	2,105,422	385,414	31,857	3,052,167	5,574,900		\$79,115,000	\$5,574,900	7.6%
Eastern	67,275,400	1,997,545	369,553		2,128,556	4,495,700		71,771,100	4,495,700	6.7%
Ferris	45,636,500	1,277,442	690,720		1,482,329	3,450,500		49,087,000	3,450,500	7.6%
Grand Valley	57,823,500	1,628,394	722,722		2,961,401	5,312,500		63,136,000	5,312,500	9.2%
Lake Superior	12,231,000	333,533	96,319		121,640	551,500		12,782,500	551,500	4.5%
Michigan State	249,597,800	7,453,666	1,512,787	1,026,915	4,838,050	14,831,300		264,429,100	14,831,300	5.9%
Michigan Tech	43,473,800	1,259,181	515,753	181,524	492,815	2,449,300		45,923,100	2,449,300	5.6%
Northern	41,741,400	1,186,036	271,425		1,078,318	2,535,800		44,277,200	2,535,800	6.1%
Oakland	45,651,600	1,333,724	569,356	36,229	773,237	2,712,500		48,364,100	2,712,500	5.9%
Saginaw Valley	25,991,000	728,346	219,004		671,853	1,619,200		27,610,200	1,619,200	6.2%
UM-Ann Arbor	279,232,700	8,309,406	1,526,631	2,301,744	3,803,622	15,941,400		295,174,100	15,941,400	5.7%
UM-Dearborn	22,510,400	649,667	207,873		321,355	1,178,900		23,689,300	1,178,900	5.2%
UM-Flint	19,938,200	549,083	242,936		607,489	1,399,500		21,337,700	1,399,500	7.0%
Wayne State	183,398,300	5,627,231	367,605	494,067	632,597	7,121,500		190,519,800	7,121,500	3.9%
Western	97,279,000	2,880,074	594,958	74,190	1,913,738	5,463,000		102,742,000	5,463,000	5.6%
Subtotal University Operations:	\$1,265,320,700	\$37,318,750	\$8,293,056	\$4,146,526	\$24,879,167	\$74,637,500	\$0	\$1,339,958,200	\$74,637,500	5.9%
MPSERS Reimbursement	2,446,200						0	2,446,200	0	0.0%
MPSERS Reimbursement (1-time)	0						4,002,200	4,002,200	4,002,200	---
MSU AgBioResearch	30,243,900						1,784,000	32,027,900	1,784,000	5.9%
MSU Extension	26,044,800						1,536,300	27,581,100	1,536,300	5.9%
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	\$37,318,750	\$8,293,056	\$4,146,526	\$24,879,167	\$74,637,500	\$7,417,500	\$1,411,002,100	\$82,055,000	6.2%
School Aid Fund	\$200,465,700	0	0	0	0		\$4,002,200	204,467,900	\$4,002,200	2.0%
State GF/GP	\$1,128,481,400	\$37,318,750	\$8,293,056	\$4,146,526	\$24,879,167	\$74,637,500	\$3,415,300	\$1,206,534,200	\$78,052,800	6.9%
Grants and Financial Aid										
State Competitive Scholarships	\$18,361,700						\$0	\$18,361,700	\$0	0.0%
Tuition Grants	31,664,700						1,867,800	33,532,500	1,867,800	5.9%
Tuition Incentive Program (TIP)	47,000,000						1,500,000	48,500,000	1,500,000	3.2%
Children of Veterans & 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%
North American Indian Tuition Waiver	0						500,000	500,000	500,000	---
Total Grants/Financial Aid:	\$101,626,400						3,867,800	\$105,494,200	\$3,867,800	3.8%
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						\$3,867,800	\$8,367,800	\$3,867,800	86.0%
TOTAL HIGHER EDUCATION										
TOTAL ALL FUNDS	\$1,430,573,500	\$37,318,750	\$8,293,056	\$4,146,526	\$24,879,167	\$74,637,500	\$11,285,300	\$1,516,496,300	\$85,922,800	6.0%
TOTAL FEDERAL	97,026,400	0	0	0	0	0	0	97,026,400	0	0.0%
TOTAL STATE RESTRICTED	200,565,700	0	0	0	0	0	4,002,200	204,567,900	4,002,200	2.0%
TOTAL STATE GF/GP	\$1,132,981,400	\$37,318,750	\$8,293,056	\$4,146,526	\$24,879,167	\$74,637,500	\$7,283,100	\$1,214,902,000	\$81,920,600	7.2%