

HIGHER EDUCATION: FY 2010-11
Summary: As Reported by the House Subcommittee
Senate Bill 1157 (H-1) Draft 1



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IDG/IDT	FY 2009-10 YTD as of 2/11/10	FY 2010-11 Executive	FY 2010-11 Senate	FY 2010-11 House	FY 2010-11 Enacted	Difference: House From FY 2009-10 YTD	
						Amount	%
	\$0	\$0	\$0	\$0		\$0	--
Federal							
ARRA	68,238,000	0	0	0		(68,238,000)	(100.0)
Non-ARRA	5,900,000	4,500,000	11,800,000	4,500,000		(1,400,000)	(23.7)
Local	0	0	0	0		0	--
Private	0	0	0	0		0	--
Restricted	30,400,100	30,400,000	30,400,000	30,400,000		(100)	(0.0)
GF/GP	1,507,705,200	1,543,378,500	1,527,238,500	1,590,734,800		83,029,600	5.5
Gross	1,612,243,300	1,578,278,500	1,569,438,500	1,625,634,800		\$13,391,500	0.8
FTEs	1.0	1.0	1.0	1.0		0.0	0.0

Notes: (1) FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 11, 2010. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act.

Overview

The Higher Education budget contains funding for operational support of the state's 15 public universities, various financial aid programs for students attending public and independent colleges and universities in the state, and several other higher education-related programs. Appropriations for the 15 public universities are separated into two separate subparts: Research Universities (Michigan State, UM-Ann Arbor, and Wayne State) and State Universities (remaining 12 universities).

Major Budget Changes From FY 2009-10 YTD Appropriations	FY 2009-10 YTD (as of 2/11/10)	House Change From YTD
1. University Operations	Gross \$1,461,182,600	\$0
Executive replaces \$40.5 million in funding available for FY 2009-10 only from the State Fiscal Stabilization Fund (SFSF) under the American Recovery and Reinvestment Act (ARRA) with an equal amount of GF/GP funding, holding each university's Gross appropriation flat from FY 2009-10. Senate concurs with baseline adjustment but applies 3.1% reduction to each of the 15 university operations line items for a total Gross reduction of \$45.8 million. House Subcommittee concurs with Executive.	ARRA 40,483,100	(40,483,100)
	GF/GP \$1,420,699,500	\$40,483,100
2. Agricultural Experiment Station	Gross \$34,198,900	\$0
Executive replaces \$16.1 million in funding available for FY 2009-10 only from the SFSF under ARRA with an equal amount of GF/GP funding, holding Gross appropriation flat from FY 2009-10. Senate concurs with baseline adjustment but applies 3.1% reduction (\$1.1 million) to line item from Gross FY 2009-10 level. House Subcommittee concurs with Executive.	ARRA 16,082,900	(16,082,900)
	GF/GP \$18,116,000	\$16,802,900
3. Cooperative Extension Service	Gross \$29,497,000	\$0
Executive replaces \$11.7 million in funding available for FY 2009-10 only from the SFSF under ARRA with an equal amount of GF/GP funding, holding Gross appropriation flat from FY 2009-10. Senate concurs with baseline adjustment but applies 3.1% reduction (\$924,800) to line item from Gross FY 2009-10 level. House Subcommittee concurs with Executive.	ARRA 11,672,000	(11,672,000)
	GF/GP \$17,825,000	\$11,672,000

Major Budget Changes From FY 2009-10 YTD Appropriations		FY 2009-10 YTD (as of 2/11/10)	House Change From YTD
4. State Competitive Scholarship Program		Gross \$17,608,500	\$6,991,500
<u>Executive</u> removes \$1.4 million in federal funds no longer available for the program due to overall reductions in need-based state financial aid funding.	Federal	2,900,000	(1,400,000)
<u>Senate</u> concurs. <u>House Subcommittee</u> concurs with removal of federal funds and adds \$8.4 million GF/GP to fund an increase in maximum scholarship award from FY 2009-10 level of \$510 to an estimated \$800 (HFA estimate).	GF/GP	\$14,708,500	\$8,391,500
5. Tuition Grant Program		Gross \$31,664,700	\$100
<u>Executive</u> eliminates \$31.7 million GF/GP appropriation for Tuition Grant Program, a need-based program for students attending independent colleges and universities. <u>Senate</u> maintains funding at current-year level. <u>House Subcommittee</u> maintains current-year funding but adds \$100 point of difference. Assuming proposed increase in State Competitive Scholarship maximum award to \$800, HFA estimates that the Tuition Grant appropriation of \$31.7 million would allow Tuition Grant maximum award to be maintained at FY 2009-10 level of \$1,610 (cap of \$3.0 million per institution under current-year boilerplate provisions is maintained).	GF/GP	\$31,664,700	\$100
6. Merit Award Program		Gross \$100	(\$100)
<u>Executive</u> removes \$100 placeholder included in FY 2009-10 budget for any remaining costs of program, which ended with students graduating from high school in 2006. <u>Senate</u> and <u>House Subcommittee</u> concur.	Restricted	100	(100)
7. Tuition Incentive Program		Gross \$31,200,000	\$6,200,000
<u>Executive</u> assumes projected cost increase of \$6.2 million due to continued increase in number of Medicaid-eligible students graduating from high school and enrolling in associate's degree programs. Proposed policy changes to (1) limit reimbursed costs for associate's degree students at public universities to average community college tuition rate and (2) eliminate second phase of program (up to \$2,000 toward bachelor's degree) would save an estimated \$7.3 million. Proposed net reduction in program funding is \$1.1 million; remaining \$30.1 million funded from Merit Award Trust Fund. <u>Senate</u> includes \$7.3 million in assumed Temporary Assistance to Needy Families (TANF) funding above Executive funding level to fund projected program costs under current provisions. <u>House Subcommittee</u> includes \$7.3 million to fund projected costs under current provisions, funded from GF/GP revenue.	Restricted	30,100,000	0
	GF/GP	\$1,100,000	\$6,200,000
8. Children of Veterans and Officer's Survivor Tuition Program		Gross \$1,000,000	\$200,000
<u>Executive</u> includes increase of \$200,000 GF/GP for (1) transfer of Officer's Survivor Tuition Program funding from State Police budget (\$48,500 in FY 2009-10) and (2) anticipated increase in costs for Children of Veterans Tuition Grant Program. A portion of this line item (\$300,000) is funded from income tax check-off contributions. <u>Senate</u> and <u>House Subcommittee</u> concur.	Restricted	300,000	0
	GF/GP	\$700,000	\$200,000
9. Other Higher Education Programs		Gross \$5,891,500	\$0
Appropriations for remaining programs in the Higher Education budget are all maintained at current FY 2009-10 levels by <u>Executive</u> , <u>Senate</u> , and <u>House Subcommittee</u> : King-Chavez-Parks grant programs, Higher Education Database (HEIDI), Midwestern Higher Education Compact dues, Robert C. Byrd Honors Scholarship Program, and Project GEAR UP.	Federal	3,000,000	0
	GF/GP	\$2,891,500	\$0

Major Boilerplate Changes From FY 2009-10

Sec. 211. Deprived and Depressed Communities – NEW

Directs universities to ensure that businesses in deprived and depressed communities compete for and perform contracts. Executive adds new section; Senate does not include; House Subcommittee includes.

Major Boilerplate Changes From FY 2009-10

Sec. 212. *Payments to Universities* – RETAINED

Provides for 11 monthly payments to universities. Executive revisions: (1) Allows, rather than requires, withholding of payment if university fails to submit HEIDI data. (2) Eliminates requirement of fiscal agency report on appropriation procedures. Senate and House Subcommittee retain current language.

Sec. 214. *Tuition Tax Credit* – RETAINED

Requires universities to submit Tuition Tax Credit notification to fiscal agencies. Executive deletes; Senate and House Subcommittee retain.

Sec. 217. *Conflicts of Interest* – DELETED

States intent that state university governing boards examine university operations for potential conflicts of interest. Executive deletes; Senate and House Subcommittee concur.

Sec. 301. *State Competitive Scholarships* – MODIFIED

Provides for distribution of funds appropriated for State Competitive Scholarships. House Subcommittee modifies language to (1) direct Department of Treasury to determine maximum award amount so as not to exceed appropriation for program and (2) report on additional funds needed to establish maximum award amount of \$800 (if maximum award amount cannot be established at that level).

Sec. 302. *Tuition Grants* – MODIFIED

Provides for distribution of funds appropriated for Tuition Grants. Executive deletes (along with funding); Senate retains. House Subcommittee retains and modifies language to (1) direct Department of Treasury to determine maximum award amount so as not to exceed appropriation for program and (2) report on additional funds needed to maintain FY 2009-10 maximum award amount of \$1,610 (if maximum award amount cannot be established at that level; current-year language references FY 2008-09 maximum award amount of \$2,100).

Sec. 310. *Tuition Incentive Program (TIP)* – MODIFIED

Provides for TIP eligibility/awards. Executive revisions would (1) limit reimbursed costs for associate's degree students at public universities to average community college in-district tuition rate and (2) eliminate second phase of program (up to \$2,000 toward bachelor's degree). Adds prohibition on eligibility for incarcerated individuals. Senate and House Subcommittee do not include proposed reimbursement limit or elimination of second phase but do include prohibition for incarcerated individuals.

Sec. 316. *Financial Aid Workgroup* – RETAINED

States intent for workgroup to examine and make recommendations regarding state financial aid programs. Executive deletes; Senate concurs; House Subcommittee retains section.

Sec. 317. *Intent Regarding Tuition Grants* – DELETED

States intent that, if economy improves and state revenues increase, funding of Tuition Grants is one of foremost priorities in Higher Education budget. Executive deletes; Senate retains; House Subcommittee deletes.

Sec. 318. *Intent Regarding Promise Grants* – DELETED

States intent that, if economy improves and state revenues increase, funding of Promise Grants is one of foremost priorities in Higher Education budget. Executive deletes; Senate and House Subcommittee concur.

Sec. 319. *Intent Regarding Financial Aid Programs* – DELETED

States intent that, if economy improves and state revenues increase, funding of Competitive Scholarship, Nursing Scholarship, Work Study, Part-Time Independent Student, and Michigan Education Opportunity Grant Programs are among foremost priorities in Higher Education budget. Executive deletes; Senate retains but includes intent regarding only Competitive Scholarships; House Subcommittee deletes.

Sec. 402. *Douglas Lake Biological Station* – RETAINED

Designates University of Michigan Douglas Lake Biological Station as a unique resource. Executive deletes; Senate and House Subcommittee retain.

Sec. 426. *Private Bookstores* – MODIFIED

States intent regarding private bookstore access to required textbook lists and university-administered financial accounts; states intent regarding university review process for textbook requirements. Executive deletes. Senate replaces with new language stating intent that each university develop policies for minimizing the costs of textbooks and course materials and submit a report on those policies. House Subcommittee concurs with Senate.

Sec. 433. *Project GREEN* – MODIFIED

Allocates funds from Agricultural Experiment and Cooperative Extension line items for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs). Executive deletes subsection stating intent for additional funding for bioeconomy research. Senate and House Subcommittee concur.

Major Boilerplate Changes From FY 2009-10

Sec. 434. Future Farmers of America – RETAINED

Requires Michigan State University to allocate \$80,000 from its appropriation to the Future Farmers of America Association. Executive deletes; Senate and House Subcommittee retain.

Sec. 436. Tuition Increases – MODIFIED

Requires that funds appropriated from SFSF of ARRA be used to mitigate tuition/fee increases or modernize/renovate/repair facilities, consistent with ARRA provisions. Executive deletes; Senate concurs. (ARRA funds for Higher Education available in FY 2009-10 only.) House Subcommittee replaces with language (1) stating intent for universities to increase general fund financial aid expenditures by at the least the same percentage as resident undergraduate tuition/fees (consistent with language included prior to FY 2009-10), with an emphasis on need-based awards and (2) requiring a report on increases in those amounts, as well as other key financial indicators.

Sec. 450. Per-Student Funding Floor – DELETED

States intent to allocate funds for per-student funding floor of \$3,775 from GF/GP balance at fiscal year-end. Executive deletes; Senate retains; House Subcommittee deletes.

Sec. 451. Indian Tuition Waiver Costs – RETAINED

States intent to allocate funds for unfunded Indian Tuition Waiver costs from GF/GP balance at fiscal year-end. Executive deletes; Senate concurs; House Subcommittee retains.

Sec. 463. Students from Macomb County – RETAINED

Requires universities to report regarding outreach efforts to enroll students from Macomb County. Executive deletes; Senate concurs; House Subcommittee retains.

Sec. 471. Timely Graduation – DELETED

States intent that universities limit changes to general graduation requirements during a student's enrollment and provide counseling to facilitate timely graduation. Executive deletes; Senate and House Subcommittee concur.

Sec. 480. Veterans Policies – RETAINED

States intent for universities to participate in the Yellow Ribbon GI Education Enhancement Program and implement other veterans-related policies. Executive deletes reporting requirement; Senate and House Subcommittee retain requirement.

Sec. 482. Competitive Bidding – NOT INCLUDED

States intent that each university submit a report on the university's use of competitive bid processes for procurement of services, including custodial and food services. Senate adds new section. House Subcommittee does not include.

Sec. 484. Embryonic Stem Cells – NOT INCLUDED

States intent that each university conducting research using human embryonic stem cells derived from donated human embryos submit a report to the Department of Community Health regarding that research. Senate adds new section. House Subcommittee does not include.

Sec. 486. Student Religious Beliefs – NOT INCLUDED

States intent that universities report on efforts to accommodate the sincerely-held religious beliefs of students enrolled in counseling degree programs. Senate adds new section. House Subcommittee does not include.

Sec. 701a. New Degree Programs – MODIFIED

Lists new degree programs established by state universities for which credit hours may be reported to state HEIDI database. Executive deletes; Senate retains. House Subcommittee inserts new program list subsequently received from Presidents Council.

FY 2010-11 Higher Education Budget

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	(1) FY 2009-10 Year-to-Date as of 2/11/10	(2) Remove One-Time ARRA Funds	(3) Replace ARRA Funds with GF/GP	(4) Financial Aid Changes	(5) FY 2010-11 House Subcommittee	(6) Change from FY 2009-10		(7)	(8) Change from Exec Rec	
						\$ Amount	Percent			
Research Universities										
Michigan State	\$291,841,700	(\$7,932,700)	\$7,932,700		\$291,841,700	\$0	0.0		\$0	
UM - Ann Arbor	325,347,400	(8,775,400)	8,775,400		325,347,400	0	0.0		0	
Wayne State	220,329,200	(6,003,800)	6,003,800		220,329,200	0	0.0		0	
Agricultural Experiment Station	34,198,900	(16,082,900)	16,082,900		34,198,900	0	0.0		0	
Cooperative Extension	29,497,000	(11,672,000)	11,672,000		29,497,000	0	0.0		0	
Subtotal	\$901,214,200	(\$50,466,800)	\$50,466,800	\$0	\$901,214,200	\$0	0.0		\$0	
Federal - ARRA	50,466,800	(50,466,800)			0	(50,466,800)	--		0	
State GF/GP	\$850,747,400	\$0	\$50,466,800	\$0	\$901,214,200	\$50,466,800	5.9		\$0	
State Universities										
Central Michigan	\$82,436,000	(\$2,342,100)	\$2,342,100		\$82,436,000	\$0	0.0		\$0	
Eastern Michigan	78,212,100	(2,246,500)	2,246,500		78,212,100	0	0.0		0	
Ferris State	50,017,100	(1,395,300)	1,395,300		50,017,100	0	0.0		0	
Grand Valley State	63,758,300	(1,739,900)	1,739,900		63,758,300	0	0.0		0	
Lake Superior State	13,059,200	(477,600)	477,600		13,059,200	0	0.0		0	
Michigan Tech	49,302,100	(1,431,300)	1,431,300		49,302,100	0	0.0		0	
Northern Michigan	46,438,200	(1,289,300)	1,289,300		46,438,200	0	0.0		0	
Oakland	52,220,800	(1,530,100)	1,530,100		52,220,800	0	0.0		0	
Saginaw Valley State	28,517,700	(807,600)	807,600		28,517,700	0	0.0		0	
UM - Dearborn	25,437,100	(733,500)	733,500		25,437,100	0	0.0		0	
UM - Flint	21,498,900	(627,200)	627,200		21,498,900	0	0.0		0	
Western Michigan	112,766,800	(3,150,800)	3,150,800		112,766,800	0	0.0		0	
Subtotal	\$623,664,300	(\$17,771,200)	\$17,771,200	\$0	\$623,664,300	\$0	0.0		\$0	
Federal - ARRA	17,771,200	(17,771,200)			0	(17,771,200)	--		0	
State GF/GP	\$605,893,100	\$0	\$17,771,200	\$0	\$623,664,300	\$17,771,200	2.9		\$0	
State/Regional/Grants/Financial Aid										
Higher Education Database	\$105,000				\$105,000	\$0	0.0		\$0	
Midwestern Higher Ed Compact	95,000				95,000	0	0.0		0	
King-Chavez-Parks (three lines)	2,691,500				2,691,500	0	0.0		0	
State Competitive Scholarships	17,608,500			6,991,500	24,600,000	6,991,500	39.7		8,391,500	
Tuition Grants	31,664,700			100	31,664,800	100	0.0		31,664,800	
Robert C. Byrd Honors Scholarship Program	1,500,000				1,500,000	0	0.0		0	
Michigan Merit Award Program	100			(100)	0	(100)	(100.0)		0	
Tuition Incentive Program	31,200,000			6,200,000	37,400,000	6,200,000	19.9		7,300,000	
Children of Vets and Officer's Survivor Programs	1,000,000			200,000	1,200,000	200,000	20.0		0	
Project GEAR UP	1,500,000				1,500,000	0	0.0		0	
Subtotal	\$87,364,800	\$0	\$0	\$13,391,500	\$100,756,300	\$13,391,500	15.3		\$47,356,300	
Federal - Other	5,900,000			(1,400,000)	4,500,000	(1,400,000)	(23.7)		0	
Merit Award Trust Fund	30,100,100			(100)	30,100,000	(100)	(0.0)		0	
State Restricted - Other	300,000				300,000	0	0.0		0	
State GF/GP	\$51,064,700	\$0	\$0	\$14,791,600	\$65,856,300	\$14,791,600	29.0		\$47,356,300	
TOTAL - HIGHER EDUCATION	\$1,612,243,300	(\$68,238,000)	\$68,238,000	\$13,391,500	\$1,625,634,800	\$13,391,500	0.8		\$47,356,300	
Federal	74,138,000	(68,238,000)	0	(1,400,000)	4,500,000	(69,638,000)	(93.9)		0	
State Restricted	30,400,100	0	0	(100)	30,400,000	(100)	(0.0)		0	
State GF/GP	\$1,507,705,200	\$0	\$68,238,000	\$14,791,600	\$1,590,734,800	\$83,029,600	5.5		\$47,356,300	