

HIGHER EDUCATION: FY 2007-08
Summary: As Reported by the House Committee
HB 4350 (H-4) and HB 4351 (H-4)



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REVISED

	FY 2006-07	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	House Cmte vs.	
	Originally Enacted	Revised Executive	FY 2007-08 House Cmte	Senate	Enacted	FY 2006-07 Enacted	Amount %
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	3,000,000	6,000,000	6,000,000			3,000,000	100.0
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	159,700,000	125,800,000	125,800,000			(33,900,000)	(21.2)
GF/GP	1,624,791,300	1,750,480,700	1,853,443,300			228,652,000	14.1
Gross	\$1,787,491,300	\$1,882,280,700	\$1,985,243,300			\$197,752,000	11.1
FTEs	1.0	1.0	1.0			0.0	--

Notes:

- 1) FY 2006-07 appropriation figures do not reflect the impact of Executive Order (EO) 2007-3 or supplemental adjustments.
- 2) Executive/House figures reflect combined totals for Higher Education budget bill and separate Research Universities budget bill.
- 3) \$138.7 million of GF/GP and Gross increases from FY 2006-07 Enacted reflect repayment of delayed FY 2006-07 August payments resulting from reductions under EO 2007-3 and Senate Bill 436.

Overview

The FY 2006-07 Higher Education budget includes operational support for the state's 15 public universities, as well as funding for financial aid awarded to students attending both public and independent higher education institutions and several other higher education-related programs.

The FY 2007-08 Executive Recommendation proposes to move funding for Michigan State University (including the Agricultural Experiment Station and Cooperative Extension), University of Michigan – Ann Arbor, and Wayne State University into a separate Research Universities bill. Funding for the other 12 state universities, financial aid, and other programs would remain in the Higher Education bill. The House Committee concurs with this proposal.

Major Budget Changes From FY 2006-07 Enacted Appropriations	FY 2006-07 Enacted	House Cmte Change
RESEARCH UNIVERSITIES (HB 4351)		
1. State University Operations: 2.5% Across-the-Board	Gross \$838,014,800	\$20,950,300
<u>Executive</u> increases operations line items for Michigan State (MSU), UM-Ann Arbor (UM-AA), and Wayne State (WSU) by 2.5% across the board. <u>House Committee</u> concurs.	GF/GP \$838,014,800	\$20,950,300
2. State University Operations: 2.5% Formula-Based	Gross \$838,014,800	\$20,950,400
<u>House Committee</u> includes additional 2.5% university operations increase for the three universities based on three formula components:	GF/GP \$838,014,800	\$20,950,400
<ul style="list-style-type: none"> • Participation (25.0%): Allocated based on percentage of undergraduate students receiving Pell Grants. • Research (25.0%): Allocated based on amount of federally-funded research expenditures. • Degree Completion (50.0%): Allocated based on number of weighted degree completions (higher weight for degree completions in math/science/engineering/health areas). 		
3. Indian Tuition Waivers	Gross NA	\$1,102,700
<u>House Committee</u> adds funds for the three universities equal to difference between funds rolled into university line items in FY 1996-97 for Indian Tuition Waivers and actual FY 2005-06 waiver costs.	GF/GP NA	\$1,102,700

<u>Major Budget Changes From FY 2006-07 Enacted Appropriations</u>	<u>FY 2006-07 Enacted</u>	<u>House Cmte Change</u>
4. FY 2006-07 University Funding Restoration	Gross NA	\$81,910,800
<u>Executive</u> includes funds to be paid to MSU/UM-AA/WSU on October 16, 2007, offsetting delayed August 2007 payments under EO 2007-3 and Senate Bill 436. (Revision to Executive included funds for second half of repayment.) <u>House Committee</u> concurs.	GF/GP NA	\$81,910,800
5. Agricultural Experiment Station	Gross \$33,827,100	\$845,700
<u>Executive</u> maintains Agricultural Experiment Station line item at current-year level. <u>House Committee</u> increases line by 2.5%.	GF/GP \$33,827,100	\$845,700
6. Cooperative Extension	Gross \$29,176,400	\$0
<u>Executive</u> reduces Cooperative Extension line item by \$2.7 million (10.0%, excluding amount earmarked for Project GREEN). <u>House Committee</u> maintains line item at current-year level.	GF/GP \$29,176,400	\$0
7. University Research Corridor	Gross NA	\$500,000
<u>House Committee</u> adds funds for organization to be jointly formed by Michigan State, UM-Ann Arbor, and Wayne State to encourage collaborative research efforts between those universities.	GF/GP NA	\$500,000
HIGHER EDUCATION (HB 4350)		
8. State University Operations: 2.5% Across-the-Board	Gross \$625,079,100	\$15,626,900
<u>Executive</u> increases operations line items for 12 universities remaining in Higher Education bill by 2.5% across the board. <u>House Committee</u> concurs. (Technical adjustment: House Committee offsets \$9.5 million from Merit Award Trust fund with GF/GP revenue. See item 16 below.)	Restricted 9,500,000 GF/GP \$615,579,100	(9,500,000) \$25,126,900
9. State University Operations: 2.5% Formula-Based	Gross \$625,079,100	\$15,627,000
<u>House Committee</u> includes additional 2.5% university operations increase for the 12 universities based on three formula components:	Restricted 9,500,000	0
<ul style="list-style-type: none"> • Participation (35.0%): Allocated based on percentage of undergraduate students receiving Pell Grants. • Research (15.0%): Allocated based on amount of federally-funded research expenditures. • Degree Completion (50.0%): Allocated based on number of weighted degree completions (higher weight for degree completions in math/science/engineering/health areas). 	GF/GP \$615,579,100	\$15,627,000
10. Indian Tuition Waivers	Gross NA	\$2,513,000
<u>House Committee</u> adds funds for the 12 universities equal to difference between funds rolled into university line items in FY 1996-97 for Indian Tuition Waivers and actual FY 2005-06 waiver costs.	GF/GP NA	\$2,513,000
11. FY 2006-07 University Funding Restoration	Gross NA	\$56,825,200
<u>Executive</u> includes funds to be paid to the 12 universities in October 2007, offsetting delayed August 2007 payments under EO 2007-3 and Senate Bill 436. (Revision to Executive included funds for second half of repayment.) <u>House Committee</u> concurs.	GF/GP NA	\$56,825,200
12. State Competitive Scholarships	Gross \$34,130,500	\$0
<u>Executive</u> reduces \$3.0 million appropriation from Michigan Higher Education Assistance Authority Operating Fund to projected available amount of \$1.2 million, offsetting the remaining \$1.8 million with GF/GP revenue. <u>House Committee</u> concurs.	Federal 1,500,000 Restricted 3,000,000 GF/GP \$29,630,500	0 (1,800,000) \$1,800,000

<u>Major Budget Changes From FY 2006-07 Enacted Appropriations</u>		<u>FY 2006-07 Enacted</u>	<u>House Cmte Change</u>
13. Tuition Grant Program		Gross \$58,768,100	\$0
<u>Executive</u> eliminates line item for the Tuition Grant Program, a need-based financial aid program for students attending independent colleges and universities. <u>House Committee</u> maintains line item at current-year level (\$2.9 million GF/GP increase needed to offset one-time carry-forward funds appropriated in FY 2006-07).	Restricted	2,900,000	(2,900,000)
	GF/GP	\$55,868,100	\$2,900,000
14. Michigan Merit Award and Promise Grant Programs		Gross \$127,700,000	(\$24,200,000)
<u>Executive</u> reduces the Merit Award line item by \$67.7 million and adds \$43.5 million appropriation for the new Michigan Promise Grant program that takes effect with high school class of 2007. The net impact is a reduction of \$24.2 million in appropriations from the Merit Award Trust Fund, reflecting the lower award amount over the first two years of college under the new program. Costs of the \$2,000/\$4,000 awards paid after completion of two years of postsecondary education under the Promise Grant Program will begin in FY 2009-10. <u>House Committee</u> concurs.	Restricted	127,700,000	(24,200,000)
15. Tuition Incentive Program (TIP)		Gross \$14,000,000	\$7,100,000
<u>Executive</u> increases TIP appropriation for projected cost increase. Program provides financial aid to Medicaid-eligible students who graduate from high school. FY 2006-07 appropriation has subsequently been increased by \$4.0 million through a legislative transfer, so net proposed increase for FY 2007-08 is \$3.1 million. <u>House Committee</u> concurs. (Technical adjustment: <u>House Committee</u> offsets \$9.5 million GF/GP with Merit Award Trust fund revenue. See item 8 above.)	Restricted	6,350,000	9,500,000
	GF/GP	\$7,650,000	(\$2,400,000)
16. MiLEAD Initiative		Gross \$5,000,000	(\$5,000,000)
<u>Executive</u> removes appropriation from Civilian Conservation Corps Endowment Fund for Michigan Leadership, Education, and Development (MiLEAD) Initiative. FY 2006-07 appropriation for grants to colleges/universities is designated as a multi-year work project. <u>House Committee</u> concurs.	Restricted	5,000,000	(5,000,000)
17. Project GEAR-UP		Gross NA	\$3,000,000
<u>Executive</u> adds federal grant funds for scholarships to students who have participated in grant-funded program administered by Department of Labor and Economic Growth to increase the number of low-income students prepared to enter postsecondary education. <u>House Committee</u> concurs.	Federal	NA	3,000,000

Major Boilerplate Changes From FY 2006-07

RESEARCH UNIVERSITIES (HB 4351)

Sec. 209. University Research Corridor – NEW

Provides for appropriation to legal entity to be jointly formed by Michigan State, UM-Ann Arbor, and Wayne State to encourage collaborative efforts between those universities, establish research partnerships with businesses, and publicize the research assets of the universities to businesses in other states; requires report on organization's efforts. House Committee adds new section.

Sec. 307. Douglas Lake Biological Station – RETAINED

States intent to protect unique research value of University of Michigan's Douglas Lake biological station. Executive deletes; House Committee retains.

Major Boilerplate Changes From FY 2006-07

Sec. 505. Research, Technology Transfer, and High-Tech Graduates – REVISED

Requires state universities to report various data items related to research, technology transfer, and graduates in science- and technology-related fields. Executive retains and expands reporting requirements for the three universities included in the Research Universities bill; section is not included in the Higher Education bill. House Committee concurs.

Sec. 506. Consolidation of Services – NEW

States intent that state universities included in Research Universities bill consolidate programs, services, and resources among themselves and requires report on such efforts. House Committee adds new section.

Sec. 507. Students from Eligible County – NEW

Requires report from state universities included in Research Universities bill regarding outreach efforts to enroll students from an eligible county; Macomb County would qualify as an eligible county under the language. House Committee adds new section.

HIGHER EDUCATION (HB 4350)

Sec. 302. Tuition Grants – REVISED

Provides for distribution of funds appropriated for the Tuition Grant Program. Executive deletes. House Committee retains section, including language specifying a maximum grant award of at least \$2,000, but deletes requirement that unexpended funds carry forward to FY 2008-09.

Sec. 310. Tuition Incentive Program (TIP) – REVISED

Provides for Tuition Incentive Program requirements. Executive adds requirement that recipients not be enrolled in an institution whose primary purpose is to prepare students for religious ordination, consistent with other state financial aid programs. House Committee concurs.

Sec. 312. Nursing Scholarship Program – REVISED

Provides for administration of Nursing Scholarship Program. Executive removes requirement that master's degree students be eligible for awards; this requirement has been added to the program's permanent statute. House Committee concurs.

Sec. 313. MiLEAD Initiative – DELETED

Provides for grants to public/private colleges and universities under MiLEAD initiative. Executive deletes; House Committee concurs.

BOTH BUDGET BILLS

Sec. 205(2)/212(2). FY 2006-07 University Funding Restoration – NEW

Provides for one-time supplemental payments to state universities offsetting FY 2006-07 reductions; payments to be made on October 16, 2007 and accrued by the universities to their 2006-07 institutional fiscal years. Executive adds new subsection; House Committee concurs.

Sec. 205(4)/212(4). Fiscal Agency Report – RETAINED

Requires report from fiscal agencies on procedures used to arrive at appropriation amounts. Executive deletes; House Committee retains.

Sec. 210/210. Foreign Auto Manufacturers – NEW

Prohibits use of funds appropriated to state universities for purchase/lease of a vehicle produced by a foreign auto manufacturer. House Committee adds new section.

Sec. 418. State University Funding Model – DELETED

Describes funding model included as a part of the calculation of university appropriation amounts for FY 2006-07. Executive deletes; House Committee concurs.

Sec. 308/426. Private Bookstores – RETAINED

States intent that private bookstores have access to state universities' textbook lists and student financial accounts. Executive deletes. House Committee retains entire section.

Major Boilerplate Changes From FY 2006-07

Sec. 302/436. Tuition and Financial Aid Increases – REVISED

States intent that state universities increase their general fund expenditures for institutional financial aid by at least the same percentage as their resident undergraduate tuition/fee rates. Executive retains language, stated as a requirement rather than a statement of intent. House Committee retains statement of intent. House Committee also adds new subsection stating intent that universities utilize a portion of their FY 2007-08 funding increases to provide students savings through rebates, tuition/fee reductions, and/or financial aid awards; requires report on amount/method of student savings.

Sec. 450. Per-Student Funding Floor – DELETED

States that per-FYES floor of \$3,775 is reflected in state university appropriation amounts, except for Grand Valley. Executive deletes; House Committee concurs.

Sec. 309/462. Suicide Prevention – NEW

States intent that each state university develop an education program on recognizing depression and mental health disorders and preventing suicide and violence. House Committee adds new section.

Sec. 310/463. Commercialization of University Research – NEW

Provides for universities to expend amounts allocated under research formula component for efforts to commercialize technology; requires report on expenditures; states intent to base portion of university appropriations on commercialization efforts/outcomes in future years. House Committee adds new section.

Secs. 304, 305 & 306/501, 502, 505, & 506. King-Chavez-Parks (KCP) Programs – REVISED

Provides for expenditure of funds under various KCP programs. House Committee revises language specifying target populations for several KCP program components, replacing references to "minority," "underrepresented," and "males" with references to "academically or economically disadvantaged." States that preference may not be given on basis of race, color, ethnicity, gender, or national origin; states that institutions should encourage participation from those who would not otherwise be adequately represented in student/faculty populations.

Sec. 711. Education Degrees – DELETED

Requires each state university to report its efforts to increase the number of education degrees conferred for teaching math, science, foreign languages, and other critical shortage disciplines. Executive deletes; House Committee concurs.

FY 2007-08: As Reported by the House Committee

House Bills 4350 (H-4)/4351 (H-4)

HFA: 8/22/07

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	FY 2006-07	2.5% Across-	2.5% Formula Allocation			Unfunded			FY 2007-08		
	Originally	the-Board	Participation	Research	Degree Compl	Indian Tuition	One-Time	Financial Aid/	House	Change from FY07 Enacted	
	Enacted	Increase	Component	Component	Component	Waiver Costs	Restoration	Other	Committee	\$ Amount	Percent
RESEARCH UNIVERSITIES (HB 4351)											
Michigan State University	\$292,185,500	\$7,304,600	\$1,277,500	\$990,000	\$3,943,300	\$498,000			\$306,198,900	\$14,013,400	4.8
UM - Ann Arbor	325,796,300	8,144,900	882,600	3,484,700	4,494,500	360,200			343,163,200	17,366,900	5.3
Wayne State University	220,033,000	5,500,800	3,077,500	762,900	2,037,400	244,500			231,656,100	11,623,100	5.3
Agriculture Experiment Station	33,827,100							845,700	34,672,800	845,700	2.5
Cooperative Extension	29,176,400								29,176,400	0	0.0
University Research Corridor	0							500,000	500,000	500,000	--
One-Time Supplemental Payment	0						81,910,800		81,910,800	81,910,800	--
Total - Research Universities	\$901,018,300	\$20,950,300	\$5,237,600	\$5,237,600	\$10,475,200	\$1,102,700	\$81,910,800	\$1,345,700	\$1,027,278,200	\$126,259,900	14.0
State GF/GP	\$901,018,300	\$20,950,300	\$5,237,600	\$5,237,600	\$10,475,200	\$1,102,700	\$81,910,800	\$1,345,700	\$1,027,278,200	\$126,259,900	14.0
HIGHER EDUCATION (HB 4350)											
State Universities & Programs											
Central Michigan	\$82,383,700	\$2,059,600	\$394,400	\$148,000	\$1,079,900	\$389,900			\$86,455,500	\$4,071,800	4.9
Eastern Michigan	78,168,700	1,954,200	462,600	199,300	835,000	162,500			81,782,300	3,613,600	4.6
Ferris State	50,045,100	1,251,100	529,800	0	793,300	119,600			52,738,900	2,693,800	5.4
Grand Valley State	64,797,700	1,619,900	381,500	25,600	864,300	437,000			68,126,000	3,328,300	5.1
Lake Superior State	12,928,400	323,200	507,500	0	131,100	468,800			14,359,000	1,430,600	11.1
Michigan Tech	49,219,300	1,230,500	310,000	947,400	611,300	131,300			52,449,800	3,230,500	6.6
Northern Michigan	46,399,400	1,160,000	533,500	0	337,800	337,200			48,767,900	2,368,500	5.1
Oakland	52,409,000	1,310,200	289,900	268,400	709,500	129,800			55,116,800	2,707,800	5.2
Saginaw Valley State	28,874,500	721,900	497,400	0	323,300	73,900			30,491,000	1,616,500	5.6
UM - Dearborn	25,456,600	636,400	507,400	139,900	515,600	56,400			27,312,300	1,855,700	7.3
UM - Flint	21,520,300	538,000	661,400	40,800	266,900	54,400			23,081,800	1,561,500	7.3
Western Michigan	112,876,400	2,821,900	393,900	574,700	1,345,600	152,200			118,164,700	5,288,300	4.7
One-Time Supplemental Payment	0						56,825,200		56,825,200	56,825,200	--
Higher Education Database	200,000								200,000	0	0.0
Midwestern Higher Ed Compact	90,000								90,000	0	0.0
King-Chavez-Parks (three lines)	2,691,500								2,691,500	0	0.0
Subtotal - State Universities/Progs	\$628,060,600	\$15,626,900	\$5,469,300	\$2,344,100	\$7,813,600	\$2,513,000	\$56,825,200	\$0	\$718,652,700	\$90,592,100	14.4
Merit Award Trust Fund	9,500,000	(9,500,000)							0	(9,500,000)	(100.0)
State GF/GP	\$618,560,600	\$25,126,900	\$5,469,300	\$2,344,100	\$7,813,600	\$2,513,000	\$56,825,200	\$0	\$718,652,700	\$100,092,100	16.2
Grants & Financial Aid											
State Competitive Scholarships	\$34,130,500								\$34,130,500	\$0	0.0
Tuition Grants	58,768,100								58,768,100	0	0.0
Michigan Work Study Program	7,326,300								7,326,300	0	0.0
Part-Time Independent Student Prog	2,653,300								2,653,300	0	0.0
Mich Education Opportunity Grants	2,084,200								2,084,200	0	0.0
Byrd Honors Scholarship Program	1,500,000								1,500,000	0	0.0
Nursing Scholarship & Grant Progs	4,250,000								4,250,000	0	0.0
Michigan Merit Award Program	127,700,000							(67,700,000)	60,000,000	(67,700,000)	(53.0)
Michigan Promise Grant Program	0							43,500,000	43,500,000	43,500,000	--
Tuition Incentive Program	14,000,000							7,100,000	21,100,000	7,100,000	50.7
Children of Vets Tuition Grant Prog	1,000,000								1,000,000	0	0.0
MilLEAD Initiative	5,000,000							(5,000,000)	0	(5,000,000)	(100.0)
Project GEAR UP	0							3,000,000	3,000,000	3,000,000	--
Subtotal - Grants/Financial Aid	\$258,412,400	\$0	\$0	\$0	\$0	\$0	\$0	(\$19,100,000)	\$239,312,400	(\$19,100,000)	(7.4)
Federal	3,000,000								3,000,000	6,000,000	100.0
Merit Award Trust Fund	138,300,000							(14,700,000)	123,600,000	(14,700,000)	(10.6)
Other State Restricted	11,900,000							(9,700,000)	2,200,000	(9,700,000)	(81.5)
State GF/GP	\$105,212,400	\$0	\$0	\$0	\$0	\$0	\$0	\$2,300,000	\$107,512,400	\$2,300,000	2.2
Total - Higher Education	\$886,473,000	\$15,626,900	\$5,469,300	\$2,344,100	\$7,813,600	\$2,513,000	\$56,825,200	(\$19,100,000)	\$957,965,100	\$71,492,100	8.1
Federal	3,000,000	0	0	0	0	0	0	3,000,000	6,000,000	3,000,000	100.0
State Restricted	159,700,000	(9,500,000)	0	0	0	0	0	(24,400,000)	125,800,000	(33,900,000)	(21.2)
State GF/GP	\$723,773,000	\$25,126,900	\$5,469,300	\$2,344,100	\$7,813,600	\$2,513,000	\$56,825,200	\$2,300,000	\$826,165,100	\$102,392,100	14.1
GRAND TOTAL - GROSS	\$1,787,491,300	\$36,577,200	\$10,706,900	\$7,581,700	\$18,288,800	\$3,615,700	\$138,736,000	(\$17,754,300)	\$1,985,243,300	\$197,752,000	11.1
GRAND TOTAL - GF/GP	\$1,624,791,300	\$46,077,200	\$10,706,900	\$7,581,700	\$18,288,800	\$3,615,700	\$138,736,000	\$3,645,700	\$1,853,443,300	\$228,652,000	14.1