

**HIGHER EDUCATION: FY 2007-08
Enacted Budget
House Bill 4350; Public Act 136 of 2007**



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	FY 2006-07	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08 Enacted vs.	
	Originally Enacted (1)	Revised Executive (2)	House- Passed (2)	Senate- Passed (3)	Enacted Budget	FY 2006-07 Enacted Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	3,000,000	7,400,000	6,000,000	200	7,400,000	4,400,000	146.7
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	159,700,000	125,800,000	125,800,000	400	127,200,000	(32,500,000)	(20.4)
GF/GP	1,624,791,300	1,750,480,700	1,853,443,300	3,100	1,761,775,700	136,984,400	8.4
Gross	\$1,787,491,300	\$1,883,680,700	\$1,985,243,300	\$3,700	\$1,896,375,700	108,884,400	6.1
FTEs	1.0	1.0	1.0	0.0	1.0	0.0	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 House Bill 4350 and separate Research Universities bill (HB 4351).
- (3) Senate-passed House Bill 4350 includes only \$100 placeholder line items.

Overview

The FY 2007-08 Executive Recommendation proposed to move funding for Michigan State University, the University of Michigan – Ann Arbor, and Wayne State University into a separate Research Universities budget bill. Funding for the other 12 state universities, financial aid, and other programs would remain in the Higher Education bill. The House concurred with this proposal, passing both House Bills 4350 (Higher Education) and 4351 (Research Universities).

The Senate passed only House Bill 4350, taking no action on House Bill 4351. Senate-passed House Bill 4350 contained only \$100 placeholder line items.

The Enacted budget bill includes appropriations for all 15 universities in House Bill 4350, but separates budget line items and applicable boilerplate sections into three articles (Article 1 contains a total summary unit for the bill):

- Article 2: Research Universities (Michigan State, UM-Ann Arbor, Wayne State)
- Article 3: State Universities (remaining 12 universities)
- Article 4: State and Regional Programs, Grants, and Financial Aid

Major Budget Changes From FY 2006-07 Enacted Appropriations	FY 2006-07 Enacted	FY 2007-08 Change
1. State University Operations: Base Adjustment	Gross \$1,463,093,300	(\$25,882,000)
<u>Executive</u> and <u>House</u> base increases on original FY 2006-07 university appropriation amounts. <u>Enacted</u> reflects adjustment of base appropriations to continue subsequent FY 2006-07 reductions contained in PA 17 of 2007 (Senate Bill 436). (An additional \$232.8 million in GF/GP reductions to the FY 2006-07 Higher Education budget were one-time in nature and not continued for FY 2007-08.)	Restricted 9,500,000	0
	GF/GP \$1,453,593,900	(\$25,882,000)
2. State University Operations Increase	Gross \$1,463,093,300	\$14,115,400
<u>Executive</u> increases university operations line items by 2.5% across the board for a total increase of \$36.6 million. <u>House</u> concurs and includes additional 2.5% university operations increase based on participation, research, and degree completion formula components. <u>Enacted</u> includes 1.0% across-the-board increase—as compared to adjusted FY 2006-07 base. Increase for the three research universities is \$8.1 million; increase for remaining 12 state universities is \$6.0 million. (Technical: House/Enacted offset \$9.5 million from Merit Award Trust fund with GF/GP revenue.)	Restricted 9,500,000	(9,500,000)
	GF/GP \$1,453,593,900	\$23,615,400

Major Budget Changes From FY 2006-07 Enacted Appropriations		FY 2006-07 Enacted	FY 2007-08 Change
3. Indian Tuition Waivers	Gross	NA	\$1,400,000
<u>House</u> adds \$3.6 million to university line items for unfunded FY 2005-06 Indian Tuition Waiver costs. <u>Enacted</u> includes \$1.4 million, proportional to unfunded costs for each university.		GF/GP	NA
4. FY 2006-07 University Funding Restoration	Gross	NA	\$138,736,000
<u>Executive</u> includes delayed payment funds to be paid to state universities on October 16, 2007. <u>House/Enacted</u> concur.		GF/GP	NA
5. Agricultural Experiment Station	Gross	\$33,827,100	\$169,100
<u>Executive</u> maintains Agricultural Experiment Station line item at current-year level. <u>House</u> increases line by 2.5%. <u>Enacted</u> increases line by 0.5%.		GF/GP	\$33,827,100
6. Cooperative Extension	Gross	\$29,176,400	\$145,900
<u>Executive</u> reduces Cooperative Extension line item by \$2.7 million (10.0%, excluding amount earmarked for Project GREEN). <u>House</u> maintains line item at current-year level. <u>Enacted</u> increases line by 0.5%.		GF/GP	\$29,176,400
7. University Research Corridor	Gross	NA	\$0
<u>House</u> adds \$500,000 GF/GP for organization to be jointly formed by Michigan State, UM-Ann Arbor, and Wayne State. <u>Enacted</u> does not include this item.		GF/GP	NA
8. State Competitive Scholarships	Gross	\$34,130,500	\$1,400,000
<u>Executive</u> reduces \$3.0 million appropriation from MHEAA Operating Fund to projected available amount of \$1.2 million. <u>House</u> concurs. <u>Enacted</u> concurs and reflects recent Executive revision of additional \$1.4 million in available federal funds.		Federal	1,500,000
		Restricted	3,000,000
	GF/GP	\$29,630,500	(1,800,000)
			\$1,800,000
9. Tuition Grant Program	Gross	\$58,768,100	(\$2,100,000)
<u>Executive</u> eliminates line item for the Tuition Grant Program. <u>House</u> maintains line item at original current-year level. <u>Enacted</u> reflects continuation of mid-year FY 2006-07 reduction of \$2.1 million and appropriates \$1.4 million in available FY 2006-07 carry forward revenue to offset GF/GP funds for FY 2007-08.		Restricted	2,900,000
	GF/GP	\$55,868,100	(1,500,000)
			(\$600,000)
10. Michigan Merit Award and Promise Grant Programs	Gross	\$127,700,000	(\$24,200,000)
<u>Executive</u> reflects net reduction of \$24.2 million for transition from Merit Award Program to new Michigan Promise Grant Program. <u>House/Enacted</u> concur.		Restricted	127,700,000
			(24,200,000)
11. Tuition Incentive Program (TIP)	Gross	\$14,000,000	\$7,100,000
<u>Executive</u> increases TIP appropriation for projected cost increase. <u>House/Enacted</u> concur. (Technical: <u>House/Enacted</u> offset \$9.5 million GF/GP with Merit Award Trust fund revenue.)		Restricted	6,350,000
	GF/GP	\$7,650,000	9,500,000
			(\$2,400,000)
12. MiLEAD Initiative	Gross	\$5,000,000	(\$5,000,000)
<u>Executive</u> removes one-time appropriation for MiLEAD Initiative. <u>House/Enacted</u> concur.		Restricted	5,000,000
			(5,000,000)
13. Project GEAR-UP	Gross	NA	\$3,000,000
<u>Executive</u> adds federal grant funds available for scholarships to low-income students. <u>House/Enacted</u> concur.		Federal	NA
			3,000,000

Major Boilerplate Changes From FY 2006-07

Notes:

- (1) House action on both House Bills 4350 and 4351 is reflected below.
- (2) Senate-passed House Bill 4350 does not include any nonstandard sections included in the House-passed bill.
- (3) Most university-related boilerplate sections are included in both Articles 2 and 3 of the Enacted budget bill.

Sec. 203. Research University Definition – NEW

Defines "Research University" as a public university classified as a "research university (very high research activity)" under the 2005 Carnegie Classifications. Enacted includes section in Article 2.

Sec. 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 adds new section. Enacted includes revised version stating intent regarding vehicle purchases.

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

Provides for one-time supplemental payments to state universities offsetting FY 2006-07 reductions. Executive adds new subsection; House/Enacted concur.

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

Requires report from fiscal agencies on appropriation procedures. Executive deletes; House/Enacted retain.

Sec. 302. Tuition Grants – REVISED

Provides for distribution of Tuition Grant funds. Executive deletes. House retains section, but deletes requirement that unexpended funds carry forward to FY 2008-09. Enacted increases required maximum grant award to \$2,100 (equal to the actual FY 2006-07 amount) and retains carry-forward requirement.

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

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. House concurs. Enacted does not include new requirement.

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 (now included in statute). House/Enacted concur.

Sec. 313. MiLEAD Initiative – DELETED

Provides for grants under MILEAD Initiative. Executive deletes; House/Enacted concur.

Sec. 402. Douglas Lake Biological Station – RETAINED

States intent to protect unique research value of University of Michigan's Douglas Lake biological station. Executive deletes; House/Senate/Enacted retain (Article 2).

Sec. 403. University Research Corridor – NOT INCLUDED

Provides for appropriation to legal entity to be jointly formed by Michigan State, UM-Ann Arbor, and Wayne State. House adds new section in HB 4351; Senate includes in HB 4350. Enacted does not include.

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/Enacted concur.

Sec. 426. Private Bookstores – RETAINED

States intent that private bookstores have access to state universities' textbook lists and student financial accounts. Executive deletes. House/Enacted retain.

Sec. 434. Future Farmers of America – NEW

Earmarks \$100 from appropriation to Michigan State University for the Future Farmers of America Association (FFA). Senate adds new section. Enacted includes statement of intent that Michigan State provide \$80,000 to FFA.

Sec. 436. Tuition and Financial Aid Increases – RETAINED

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 retains statement of intent and adds new subsection stating intent that universities utilize a portion of their FY 2007-08 funding increases to provide students savings. Enacted retains statement of intent; does not include new subsection added by House.

Major Boilerplate Changes From FY 2006-07

Sec. 450. Per-Student Funding Floor – REVISED

States that per-FYES floor of \$3,775 is reflected in state university appropriation amounts. Executive deletes; House concurs. Senate includes revised section, stating intent to allocate funds for per-FYES floor of \$3,775 from GF/GP unreserved balances at the close of FY 2006-07. Enacted concurs with Senate (Article 3).

Sec. 462. Suicide Prevention – NEW

States intent that each state university develop an education program on preventing suicide and violence. House adds new section. Enacted concurs with House.

Sec. 463. Students from Eligible County – NEW

Requires universities to report regarding outreach efforts to enroll students from an eligible county (under definition, Macomb County would be eligible). House adds new section in HB 4351. Senate/Enacted include in HB 4350.

Sec. 464. Commercialization of University Research – NEW

Provides for universities to expend research component funding for efforts to commercialize technology. House adds new section. Senate includes alternate language providing for universities to receive a funding allocation by submitting plan regarding commercialization of research technology. Enacted includes requirement that universities submit research commercialization plan.

Sec. 464a. Admission of Michigan High School Graduates – NOT INCLUDED

Provides for a 15 percent appropriation reduction if a university does not admit a student with a G.P.A. in the top 10 percent of his or her high school class who also meets the minimum admissions standards of the university. House adds new section. Enacted does not include.

Sec. 465. Audit of University Spending – NOT INCLUDED

States intent that an independent commission conduct an audit of the spending of state universities; provides for additional appropriation to participating universities. Senate adds new section. Enacted does not include.

Sec. 466. Consolidation of Services – NEW

States intent that state universities included in Research Universities bill consolidate services among themselves. House adds new section in HB 4351. Senate includes alternate section 462 in HB 4350, stating intent for universities to coordinate purchase of goods and services. Enacted concurs with Senate and includes reference to Midwestern Higher Education Compact.

Sec. 467. Performance Standards – NEW

States intent for Legislature to establish university performance standards. Enacted includes section in both Article 2 (applicable to the three research universities) and Article 3 (applicable to the remaining 12 universities).

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

Provides for expenditure of funds under various KCP programs. House specifies target populations for all KCP programs as "academically or economically disadvantaged" students. 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 populations. Enacted concurs with House.

Sec. 603. Transfer from Community College – NEW

States intent that state universities work with community colleges to encourage the transfer of both students and credits. Senate adds new section. Enacted concurs with Senate.

Sec. 711. Education Degrees – DELETED

Requires state universities to report on efforts to increase teaching degrees in math, science, languages, and other critical shortage disciplines. Executive deletes; House concurs. Senate retains. Enacted deletes.

Sec. 712. Research and Technology Transfer – DELETED

Requires universities to report various data related to research and technology transfer. Executive retains/revises for universities in HB 4351. House concurs. Senate includes in HB 4350. Enacted does not include.

Sec. 714. Student Records – NEW

States intent that state universities provide information from the records of a student to any person to whom the student has authorized disclosure. Senate adds new section; Enacted concurs.

FY 2007-08 Enacted Budget

HIGHER EDUCATION
House Bill 4350; PA 136 of 2007

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	FY 2006-07	Continue	Adjusted	1.0% Across-	\$1.4 Million for					
	Originally	SB 436	FY 2006-07	the-Board	Unfunded					
	Enacted	Reductions	Budget	Increase	ITW Costs	One-Time	AES/CES/	FY 2007-08	Change from Adjusted FY07	Percent
						Restoration	Financial Aid	Enacted	\$ Amount	
Article 2: Research Universities										
Michigan State University	\$292,185,500	(\$5,058,500)	\$287,127,000	\$2,820,000	\$192,800			\$290,139,800	\$3,012,800	1.0
UM - Ann Arbor	325,796,300	(5,640,300)	320,156,000	3,144,400	139,500			323,439,900	3,283,900	1.0
Wayne State University	220,033,000	(3,210,700)	216,822,300	2,129,500	94,700			219,046,500	2,224,200	1.0
Agriculture Experiment Station	33,827,100		33,827,100				169,100	33,996,200	169,100	0.5
Cooperative Extension	29,176,400		29,176,400				145,900	29,322,300	145,900	0.5
One-Time Supplemental Payment	0		0			81,910,800		81,910,800	81,910,800	--
Subtotal - Research Universities	\$901,018,300	(\$13,909,500)	\$887,108,800	\$8,093,900	\$427,000	\$81,910,800	\$315,000	\$977,855,500	\$90,746,700	10.2
State GF/GP	\$901,018,300	(\$13,909,500)	\$887,108,800	\$8,093,900	\$427,000	\$81,910,800	\$315,000	\$977,855,500	\$90,746,700	10.2
Article 3: State Universities										
Central Michigan	\$82,383,700	(\$1,389,100)	\$80,994,600	\$795,500	\$151,000			\$81,941,100	\$946,500	1.2
Eastern Michigan	78,168,700	(1,213,300)	76,955,400	755,800	62,900			77,774,100	818,700	1.1
Ferris State	50,045,100	(843,800)	49,201,300	483,200	46,300			49,730,800	529,500	1.1
Grand Valley State	64,797,700	(2,194,300)	62,603,400	614,900	169,200			63,387,500	784,100	1.3
Lake Superior State	12,928,400	(252,500)	12,675,900	124,500	181,500			12,981,900	306,000	2.4
Michigan Tech	49,219,300	(718,200)	48,501,100	476,300	50,800			49,028,200	527,100	1.1
Northern Michigan	46,399,400	(806,300)	45,593,100	447,800	130,600			46,171,500	578,400	1.3
Oakland	52,409,000	(1,031,000)	51,378,000	504,600	50,300			51,932,900	554,900	1.1
Saginaw Valley State	28,874,500	(822,400)	28,052,100	275,500	28,600			28,356,200	304,100	1.1
UM - Dearborn	25,456,600	(429,200)	25,027,400	245,800	21,800			25,295,000	267,600	1.1
UM - Flint	21,520,300	(369,200)	21,151,100	207,700	21,100			21,379,900	228,800	1.1
Western Michigan	112,876,400	(1,903,200)	110,973,200	1,089,900	58,900			112,122,000	1,148,800	1.0
One-Time Supplemental Payment			0			56,825,200		56,825,200	56,825,200	--
Subtotal - State Universities	\$625,079,100	(\$11,972,500)	\$613,106,600	\$6,021,500	\$973,000	\$56,825,200	\$0	\$676,926,300	\$63,819,700	10.4
Merit Award Trust Fund	9,500,000		9,500,000	(9,500,000)				0	(9,500,000)	(100.0)
State GF/GP	\$615,579,100	(\$11,972,500)	\$603,606,600	\$15,521,500	\$973,000	\$56,825,200	\$0	\$676,926,300	\$73,319,700	12.1
Article 4: State/Regional/Grants/Financial Aid										
Higher Education Database	\$200,000		\$200,000					\$200,000	\$0	0.0
Midwestern Higher Ed Compact	90,000		90,000					90,000	0	0.0
King-Chavez-Parks (three lines)	2,691,500		2,691,500					2,691,500	0	0.0
State Competitive Scholarships	34,130,500		34,130,500				1,400,000	35,530,500	1,400,000	4.1
Tuition Grants	58,768,100	(2,100,000)	56,668,100				0	56,668,100	0	0.0
Michigan Work Study Program	7,326,300		7,326,300					7,326,300	0	0.0
Part-Time Independent Student Prog	2,653,300		2,653,300					2,653,300	0	0.0
Mich Education Opportunity Grants	2,084,200		2,084,200					2,084,200	0	0.0
Byrd Honors Scholarship Program	1,500,000		1,500,000					1,500,000	0	0.0
Nursing Scholarship & Grant Progs	4,250,000		4,250,000					4,250,000	0	0.0
Michigan Merit Award Program	127,700,000		127,700,000				(67,700,000)	60,000,000	(67,700,000)	(53.0)
Michigan Promise Grant Program	0		0				43,500,000	43,500,000	43,500,000	--
Tuition Incentive Program	14,000,000		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					1,000,000	0	0.0
MiLEAD Initiative	5,000,000		5,000,000				(5,000,000)	0	(5,000,000)	(100.0)
Project GEAR UP	0		0				3,000,000	3,000,000	3,000,000	--
Subtotal - State/Reg/Grants/Fin Aid	\$261,393,900	(\$2,100,000)	\$259,293,900	\$0	\$0	\$0	(\$17,700,000)	\$241,593,900	(\$17,700,000)	(6.8)
Federal	3,000,000		3,000,000				4,400,000	7,400,000	4,400,000	146.7
Merit Award Trust Fund	138,300,000		138,300,000				(14,700,000)	123,600,000	(14,700,000)	(10.6)
Other State Restricted	11,900,000		11,900,000				(8,300,000)	3,600,000	(8,300,000)	(69.7)
State GF/GP	\$108,193,900	(\$2,100,000)	\$106,093,900	\$0	\$0	\$0	\$900,000	\$106,993,900	\$900,000	0.8
TOTAL - HIGHER EDUCATION	\$1,787,491,300	(\$27,982,000)	\$1,759,509,300	\$14,115,400	\$1,400,000	\$138,736,000	(\$17,385,000)	\$1,896,375,700	\$136,866,400	7.8
Federal	3,000,000	0	3,000,000	0	0	0	4,400,000	7,400,000	4,400,000	146.7
State Restricted	159,700,000	0	159,700,000	(9,500,000)	0	0	(23,000,000)	127,200,000	(32,500,000)	(20.4)
State GF/GP	\$1,624,791,300	(\$27,982,000)	\$1,596,809,300	\$23,615,400	\$1,400,000	\$138,736,000	\$1,215,000	\$1,761,775,700	\$164,966,400	10.3