

**HIGHER EDUCATION: FY 2007-08  
Conference Report  
House Bill 4350 (H-11) CR-1\***



**Analyst: Kyle I. Jen**

	FY 2006-07 Originally Enacted (1)	FY 2007-08 Revised Executive (2)	FY 2007-08 House- Passed (2)	FY 2007-08 Senate- Passed (3)	FY 2007-08 Conference Report	FY 2007-08 Conf vs. FY 2006-07 Enacted	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	3,000,000	7,400,000	6,000,000	200	7,400,000	4,400,000	146.7
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	159,700,000	125,800,000	125,800,000	400	127,200,000	(32,500,000)	(20.4)
<b>GF/GP</b>	1,624,791,300	1,750,480,700	1,853,443,300	3,100	1,761,775,700	136,984,400	8.4
<b>Gross</b>	<b>\$1,787,491,300</b>	<b>\$1,883,680,700</b>	<b>\$1,985,243,300</b>	<b>\$3,700</b>	<b>\$1,896,375,700</b>	<b>108,884,400</b>	<b>6.1</b>
<b>FTEs</b>	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 Conference Report 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

<b>Major Budget Changes From FY 2006-07 Enacted Appropriations</b>	<b>FY 2006-07 Enacted</b>	<b>Conference Change</b>
<b>1. State University Operations: Base Adjustment</b>	<b>Gross \$1,463,093,300</b>	<b>(\$25,882,000)</b>
<u>Executive</u> and <u>House</u> base increases on original FY 2006-07 university appropriation amounts. <u>Conference</u> reflects adjustment of base appropriations to continue subsequent FY 2006-07 reductions contained in PA 17 of 2007 (Senate Bill 436).	Restricted 9,500,000	0
	GF/GP \$1,453,593,900	(\$25,882,000)
<b>2. State University Operations Increase</b>	<b>Gross \$1,463,093,300</b>	<b>\$14,115,400</b>
<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>Conference</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/Conference 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

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

### **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. Conference 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. Conference 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/Conference concur.

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

Requires report from fiscal agencies on appropriation procedures. Executive deletes; House/Conference 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. Conference 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. Conference 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/Conference concur.

### **Sec. 313. MiLEAD Initiative – DELETED**

Provides for grants under MiLEAD Initiative. Executive deletes; House/Conference 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/Conference 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. Conference 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/Conference 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/Conference 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. Conference 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. Conference 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. Conference 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. Conference 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/Conference 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. Conference 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. Conference 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. Conference 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. Conference 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. Conference 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. Conference 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. Conference 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. Conference 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. Conference 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; Conference concurs.

**FY 2007-08 Conference Report**

HIGHER EDUCATION

House Bill 4350 (H-11) CR-1\*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	<b>FY 2006-07</b>	<b>Continue</b>	<b>Adjusted</b>	<b>1.0% Across-</b>	<b>\$1.4 Million for</b>					
	<b>Originally</b>	<b>SB 436</b>	<b>FY 2006-07</b>	<b>the-Board</b>	<b>Unfunded</b>					
	<b>Enacted</b>	<b>Reductions</b>	<b>Budget</b>	<b>Increase</b>	<b>ITW Costs</b>	<b>One-Time</b>	<b>AES/CES/</b>	<b>FY 2007-08</b>	<b>Change from Adjusted FY07</b>	<b>Percent</b>
						<b>Restoration</b>	<b>Financial Aid</b>	<b>Conference</b>	<b>\$ Amount</b>	
<b>Article 2: Research Universities</b>										
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	--
<b>Subtotal - Research Universities</b>	<b>\$901,018,300</b>	<b>(\$13,909,500)</b>	<b>\$887,108,800</b>	<b>\$8,093,900</b>	<b>\$427,000</b>	<b>\$81,910,800</b>	<b>\$315,000</b>	<b>\$977,855,500</b>	<b>\$90,746,700</b>	<b>10.2</b>
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
<b>Article 3: State Universities</b>										
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	--
<b>Subtotal - State Universities</b>	<b>\$625,079,100</b>	<b>(\$11,972,500)</b>	<b>\$613,106,600</b>	<b>\$6,021,500</b>	<b>\$973,000</b>	<b>\$56,825,200</b>	<b>\$0</b>	<b>\$676,926,300</b>	<b>\$63,819,700</b>	<b>10.4</b>
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
<b>Article 4: State/Regional/Grants/Financial Aid</b>										
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	--
<b>Subtotal - State/Reg/Grants/Fin Aid</b>	<b>\$261,393,900</b>	<b>(\$2,100,000)</b>	<b>\$259,293,900</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$17,700,000)</b>	<b>\$241,593,900</b>	<b>(\$17,700,000)</b>	<b>(6.8)</b>
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
<b>TOTAL - HIGHER EDUCATION</b>	<b>\$1,787,491,300</b>	<b>(\$27,982,000)</b>	<b>\$1,759,509,300</b>	<b>\$14,115,400</b>	<b>\$1,400,000</b>	<b>\$138,736,000</b>	<b>(\$17,385,000)</b>	<b>\$1,896,375,700</b>	<b>\$136,866,400</b>	<b>7.8</b>
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