



Senate Fiscal Agency
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BILL ANALYSIS

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House Bills 4350 and 4351 (as introduced)
Committee: Appropriations

FY 2006-07 Year-to-Date Gross Appropriation \$1,787,491,300

Changes from FY 2006-07 Year-to-Date:

- 1. **University Operations.** The Governor added an inflation increase of 2.5% for Michigan State University, the University of Michigan-Ann Arbor, and Wayne State University. The Governor created a separate appropriation bill for these three universities which are characterized as "research universities". 20,950,300
- 2. **University Operations.** The Governor included an inflation increase of 2.5% for each of the other 12 public universities and they are funded in a separate bill, along with grants and financial aid. 15,626,900
- 3. **Cooperative Extension Service (CES).** The Governor reduced funding for Michigan State's CES by 9.1%; the FY 2007-08 appropriation would be \$26,520,700. (2,655,700)
- 4. **FY 2006-07 Payment Delay.** To help resolve the FY 2006-07 budget deficit, the Governor proposed a delay in half of the \$138.7 million August 2007 State payment for University Operations, the Agricultural Experiment Station, and CES; the Governor included the restoration of this payment in FY 2007-08, with the payment to be made on October 16, 2007. 69,368,000
- 5. **Tuition Grants.** For the fifth consecutive year, the Governor eliminated these need-based grants that are awarded to students at independent colleges and universities. (58,768,100)
- 6. **Michigan Merit Award Program.** The Governor adjusted funding for the Merit Program to reflect the move to the new Promise Grant Program for the class of 2007; \$43.5 million of Merit Program funding was transferred to the new Program and \$24.2 million was eliminated due to temporary cost savings related to the payment schedule of the new Promise Grant. (67,700,000)
- 7. **Michigan Promise Grant Program.** Public Act 479 of 2006 created this Program that provides merit-based grants of up to \$4,000 to students who do well on the high school Merit Exam or who complete two years of postsecondary education with a 2.5 GPA. The State Budget Office estimated that approximately \$43.5 million would be required to fund the Program in FY 2007-08. 43,500,000
- 8. **Tuition Incentive Program (TIP).** Due to a growing TIP caseload, the Governor recommended a 50.7% increase for this currently \$14.0 million Program that promises to pay college tuition for Medicaid-eligible students who graduate from high school. There were 9,046 TIP students in FY 2005-06 compared to 7,637 in FY 2004-05. 7,100,000
- 9. **Project GEAR UP.** The mission of the Federal "Gaining Early Awareness and Readiness for Undergraduate Programs" (GEAR UP) is to increase the number of low-income students prepared to succeed in postsecondary education. The Governor targeted this grant for student scholarships in three urban school systems: Detroit, Flint, and Muskegon. 3,000,000
- 10. **Michigan Leadership, Education, and Development (MiLEAD).** The Governor eliminated this line item which is now an off-budget work project. Statutory changes are needed to implement MiLEAD. (5,000,000)

Total Changes..... \$25,421,400

FY 2007-08 Governor's Recommendation..... \$1,812,912,700

Changes from FY 2006-07 Year to Date:

1. **FY 2006-07 Payment Delay.** Governor required restoration of the delayed payment on October 16, 2007 and its accrual to each university's 2006-07 fiscal year. (Sec. 212(2))
2. **Appropriations Report from Fiscal Agencies.** Governor deleted.
3. **Tuition Grant Program.** Governor deleted due to proposed elimination of the Program.
4. **Tuition Incentive Program (TIP).** Governor prohibited enrollment in an institution whose primary purpose is to prepare students for the clergy. (Sec. 310(11))
5. **Nursing Scholarship and Grant Programs.** Governor deleted reference to Master's degree component because it is now part of the Nursing Scholarship Act. (Sec. 312)
6. **MiLEAD.** Governor deleted due to proposed work project status.
7. **Douglas Lake.** Governor deleted legislative intent to preserve research value.
8. **House Funding Model.** Governor deleted.
9. **Lists of Required Textbooks.** Governor deleted legislative intent for timely access to lists by private bookstores and use of university-administered student accounts, and intent to allow students to decide where to purchase books.
10. **Tuition Restraint.** Governor changed "legislative intent" for universities to increase financial aid if tuition is increased, to a requirement. (Sec. 436)
11. **Per-Student Floor Funding.** Governor deleted.
12. **Research and Technology Transfer Report.** Governor deleted reporting requirement for 12 of the State universities and retained it for Michigan State University, University of Michigan-Ann Arbor, and Wayne State University. (Sec. 712)

Date Completed: 2-14-07

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