

# HIGHER EDUCATION: FY 2011-12

## Summary: Conference Report

### Senate Bill 178 (S-1) CR-1



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	FY 2010-11 YTD as of 2/17/10	FY 2011-12 Executive	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Conference	Difference: Conference From FY 2010-11 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	4,500,000	98,326,400	98,326,400	98,326,400	98,326,400	93,826,400	2,085.0
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	30,400,000	699,919,500	200,200,000	699,919,500	200,219,500	169,819,500	558.6
<b>GF/GP</b>	1,543,378,500	564,032,500	1,063,752,000	564,032,500	1,063,732,500	(479,646,000)	(31.1)
<b>Gross</b>	<b>\$1,578,278,500</b>	<b>\$1,362,278,400</b>	<b>\$1,362,278,400</b>	<b>\$1,362,278,400</b>	<b>\$1,362,278,400</b>	<b>(\$216,000,100)</b>	<b>(13.7)</b>
<b>FTEs</b>	1.0	1.0	1.0	0.0	0.0	(1.0)	(100.0)

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

(2) House-passed appropriation amounts are based on the Higher Education article contained in House Bill 4325.

(3) Figures do not reflect \$1.9 million GF/GP in one-time boilerplate appropriations contained in Sec. 1001 of conference report.

#### Overview

The Higher Education budget contains funding for operational support of the state's 15 public universities, the Agricultural Experiment Station and Cooperative Extension Service operated by Michigan State University, various financial aid programs for students attending public and independent colleges and universities in the state, and several other smaller higher education-related programs.

#### Major Budget Changes From FY 2010-11 YTD Appropriations

##### 1. University Operations

Executive (1) reduces each university's appropriation by 15.0%, for a total reduction of \$213.1 million GF/GP, (2) from remaining appropriations, sets aside a total of \$83.0 million in tuition restraint incentive funding (ranging from 5.1% to 9.8% of university appropriation amounts) that would be paid only if a university held its FY 2011-12 resident undergraduate tuition/fee rate increase below the prior-five-year state average of 7.1%, and (3) replaces \$699.7 million in GF/GP funds with School Aid Fund revenue.

	FY 2010-11 Year-to-Date (as of 2/17/11)	Conference Change from Year-to-Date
<b>Gross</b>	<b>\$1,420,344,900</b>	<b>(\$213,110,200)</b>
Restricted	0	200,019,500
GF/GP	\$1,420,344,900	(\$413,129,700)

Senate concurs with 15.0% across-the-board reduction, but does not set aside separate amounts for tuition restraint incentive funding and utilizes only \$200.0 million in School Aid Fund revenue, replacing difference of \$499.7 million from Executive with GF/GP funds.

House concurs with overall reduction in university operations funding, but applies only a 14.0% across-the-board reduction. Remaining 1.0% reduction is applied based on a sliding scale formula, with larger reductions for universities receiving a higher amount of state funding per student and two universities receiving partial offsets. House concurs with Executive tuition restraint methodology and use of \$699.7 million in School Aid Fund revenue.

Conference concurs with Executive/Senate across-the-board reduction, includes tuition restraint set-asides, and utilizes \$200.0 million in School Aid Fund revenue.

##### 2. Agricultural Experiment Station and Cooperative Extension Service

Executive combines two existing appropriations into a single appropriation for Agricultural Experiment and Cooperative Extension Activities, with a 15.0% reduction in total funding (\$9.3 million GF/GP). Proposed FY 2011-12 funding of \$52.6 million. Senate, House, and Conference concur.

<b>Gross</b>	<b>\$61,915,700</b>	<b>(\$9,289,900)</b>
GF/GP	\$61,915,700	(\$9,289,900)

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 Year-to-Date (as of 2/17/11)</b>	<b>Conference Change from Year-to-Date</b>
<b>3. State Competitive Scholarship Program</b>	<b>Gross</b>	<b>\$19,861,700</b>	<b>\$0</b>
<u>Executive</u> combines funding for existing State Competitive Scholarship and Tuition Grant programs into new appropriation of \$51.5 million for a proposed need-based Pathway to Higher Education Program. <u>Senate</u> , <u>House</u> , and <u>Conference</u> retain separate appropriation for State Competitive Scholarship program, funded at current FY 2010-11 level of \$19.9 million. State Competitive Scholarship Program is open to students at both public and private colleges/universities and requires both a qualifying ACT score and demonstrated financial need.	Federal	1,500,000	18,361,700
	GF/GP	\$18,361,700	(\$18,361,700)
<u>Executive</u> , <u>Senate</u> , <u>House</u> , and <u>Conference</u> replace state-level funding for major state financial aid programs with federal TANF funding in order to improve the state's ability to meet federal TANF maintenance-of-effort (MOE) requirements. Offsetting adjustments are proposed in the Human Services budget.			
<b>4. Tuition Grant Program</b>	<b>Gross</b>	<b>\$31,664,700</b>	<b>\$0</b>
<u>Executive</u> combines funding for existing State Competitive Scholarship and Tuition Grant programs into new appropriation of \$51.5 million for a proposed need-based Pathway to Higher Education Program. <u>Senate</u> , <u>House</u> , and <u>Conference</u> retain separate appropriation for Tuition Grant program, funded at current FY 2010-11 level of \$31.7 million. Tuition Grant Program is a need-based financial aid program restricted to students at independent colleges and universities. (See final paragraph under item 3 above regarding TANF fund shift.)	Federal	0	31,664,700
	GF/GP	\$31,664,700	(\$31,664,700)
<b>5. Tuition Incentive Program (TIP)</b>	<b>Gross</b>	<b>\$37,400,000</b>	<b>\$6,400,000</b>
<u>Executive</u> increases funding for TIP by \$6.4 million for FY 2011-12 (17.1%) to fund projected increase in program participation and costs. TIP pays associate's degree tuition/fee costs for Medicaid-eligible middle- and high-school students who go on to graduate from high school and enroll in college. <u>Senate</u> , <u>House</u> , and <u>Conference</u> concur. (See final paragraph under item 3 above regarding TANF fund shift.)	Federal	0	43,800,000
	Restricted	30,100,000	(30,100,000)
	GF/GP	\$7,300,000	(\$7,300,000)
<b>6. Children of Veterans and Officer's Survivor Tuition Programs</b>	<b>Gross</b>	<b>\$1,200,000</b>	<b>\$0</b>
<u>Executive</u> replaces \$100,000 in state restricted funding with GF/GP funding to reflect that collections from the state income tax form check-off box for the Children of Veterans Tuition Program have been below the currently-appropriated amount of \$300,000. <u>Senate</u> , <u>House</u> , and <u>Conference</u> concur.	Restricted	300,000	(100,000)
	GF/GP	\$900,000	\$100,000
<b>7. Other Higher Education Programs</b>	FTE	1.0	(1.0)
<u>Executive</u> maintains appropriations for King-Chavez-Parks grant programs, Robert C. Byrd Honors Scholarship (federal), Project GEAR UP (federal), Higher Education database costs, and Midwest Higher Education Compact dues at current-year levels. <u>Senate</u> concurs. <u>House</u> and <u>Conference</u> concur but remove unfilled FTE position for Higher Education database.	<b>Gross</b>	<b>\$5,891,500</b>	<b>\$0</b>
	Federal	3,000,000	0
	GF/GP	\$2,891,500	\$0

#### **Major Boilerplate Changes From FY 2010-11**

**NOTE:** Under Executive Budget and House-passed budget, boilerplate sections are renumbered as sections of School Aid Act. Section numbers under both traditional budget bill format and proposed School Aid Act format are listed below where applicable.

#### **Sec. 203. Research University Definition – REVISED**

Defines the term "Research University" based on Carnegie Classifications. Executive retains and updates to reference 2010 classifications. Senate retains but includes both "very high research" (Michigan State, UM-Ann Arbor, Wayne State) and "high research" (Michigan Tech, Western) institutions in definition. House deletes. Conference retains but includes "Doctoral/Research Universities" (Central, Oakland) in addition to the two Senate categories. (Senate, House, and Conference list universities in alphabetical order in appropriation section of bill.)

#### **Sec. 208/238. Reporting Via Internet – RETAINED**

Requires universities to use the internet to fulfill budget act reporting requirements. Executive deletes. Senate, House, and Conference retain.

#### **Sec. 209/239. American Goods and Services – RETAINED**

States preference for American goods and services, as well as those produced in Michigan and those produced by businesses owned by veterans. Executive deletes. Senate, House, and Conference retain.

## **Major Boilerplate Changes From FY 2010-11**

### **Sec. 210. Foreign Auto Manufacturers – RETAINED**

States intent that funds appropriated to universities not be used to purchase vehicles assembled outside U.S. Executive and House delete. Senate retains. Conference concurs with Senate.

### **Sec. 211/240. Deprived and Depressed Communities – RETAINED**

Directs universities to ensure that businesses in deprived and depressed communities compete for and perform contracts. Executive deletes. Senate, House, and Conference retain.

### **Sec. 212(3)/241(3). Fiscal Agency Report – DELETED**

Requires report from fiscal agencies on procedures used to arrive at appropriation amounts. Executive and Senate delete. House retains. Conference concurs with Senate.

### **Sec. 214. Tuition Tax Credit – DELETED**

Requires universities to submit Michigan Tuition Tax Credit notification to fiscal agencies. Executive, Senate, House, and Conference delete. (Credit eliminated under tax plan.)

### **Sec. 218/245. Posting of Expenditure – REVISED**

States intent that universities maintain a publicly-accessible website containing all expenditures made within a fiscal year; prohibits university from expending more than \$100 to implement the website. Executive deletes. Senate retains but eliminates \$100 expenditure ceiling. House retains but revises to require report categorizing institutional general fund expenditures among major categories for all academic units, administrative units, and external initiatives and to require a list of all employee salary amounts for positions funded by institutional general fund. Conference concurs with House.

### **Sec. 301/251. State Competitive Scholarship Program – REVISED**

Provides for distribution of funds appropriated for State Competitive Scholarships; specifies maximum grant amount of at least \$1,300, unless insufficient funds are available, in which case a report is required. Executive deletes. Senate retains. House retains and revises specified maximum grant amount to reflect actual FY 2010-11 amount of \$600. Conference concurs with House.

### **Sec. 302/252. Tuition Grant Program – REVISED**

Provides for distribution of funds appropriated for Tuition Grants; specifies maximum grant amount of at least \$2,100, unless insufficient funds are available, in which case a report is required; limits award eligibility to undergraduate students; provides that unexpended funds at close of FY 2010-11 remain available for expenditure in FY 2011-12; caps awards received by students at a single institution at \$3.0 million. Executive deletes. Senate retains. House retains and revises specified maximum grant amount to reflect actual FY 2010-11 amount of \$1,512. Conference concurs with House.

### **Sec. 182A. [Executive] Pathway to Higher Education Program – NOT INCLUDED**

Creates new program proposed under Executive Budget to provide need-based financial aid awards to students attending either public or private colleges and universities. Executive adds new section. Senate, House, and Conference do not include.

### **Sec. 308/254. Financial Aid Payment Schedules – REVISED**

Specifies quarterly payment schedules for the various financial aid programs. Executive and House change Tuition Incentive Program schedule from 40/40/10/10 to 50/50. Senate retains current schedule. Conference specifies 50/50 schedule for all programs.

### **Sec. 309/255. Needs Analysis Criteria – RETAINED**

Requires Department of Treasury to determine the needs analysis criteria for students to qualify for State Competitive Scholarships and Tuition Grants. Executive deletes. Senate, House, and Conference retain.

### **Sec. 315/258. Financial Aid Annual Report – RETAINED**

Requires annual report from Department of Treasury on all state financial aid programs. Executive deletes. Senate, House, and Conference retain.

### **Sec. 402/261. Douglas Lake Biological Station – RETAINED**

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

### **Sec. 426. Textbook Policies – RETAINED**

States intent that each university develop policies for minimizing the costs of textbooks and course materials and submit a report on those policies. Executive and House delete. Senate retains. Conference concurs with Senate to retain.

### **Sec. 433/263. Project GREEN – RETAINED**

Allocates \$5.6 million from Agricultural Experiment Station and Cooperative Extension Service appropriations for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs). Executive deletes reporting requirement. Senate retains reporting requirement. House retains existing reporting requirement and adds new requirement that Michigan State University consult with experiment station and extension service stakeholders to develop research and outreach priorities and report on those efforts. Conference concurs with Senate.

## **Major Boilerplate Changes From FY 2010-11**

### ***Sec. 433a. Experiment and Extension Research and Outreach Priorities – NEW***

Directs Michigan State University to develop, in consultation with Agricultural Experiment and Cooperative Extension Service stakeholders, a set of research and outreach priorities and, as part of that effort, to convene a summit on production agriculture; requires report on fund sources and review of major programs. Senate adds new section. Conference concurs with Senate.

### ***Sec. 436/265. Tuition Increases – REVISED***

States intent for universities to increase general fund financial aid expenditures by at the least the same percentage as resident undergraduate tuition/fees, with an emphasis on need-based awards. Executive replaces with language providing for tuition restraint incentive funds appropriated to universities to be paid only if a university certifies that it did not adopt an increase in FY 2010-11 resident undergraduate tuition/fees after February 1, 2011, and that it will not adopt an increase in FY 2011-12 resident undergraduate tuition/fees that is greater than the prior-five-year statewide average tuition/fee increase (7.1%). Senate retains current-year intent language. House includes new tuition restraint language but also retains existing reporting requirements regarding related university financial indicators. Conference concurs with House.

### ***Sec. 437/266. University Funding Formula – NEW***

States that, beginning in FY 2012-13, university operations funding shall be allocated to each university using an incentive-based formula developed by the state budget director, with the advice of relevant stakeholders, and enacted by the Legislature. Executive adds new section. House includes similar intent language but specifies that formula be developed by the Legislature and revises statement of potential policy goals. Senate does not include. Conference concurs with House.

### ***Sec. 450. Per-Student Floor Funding – DELETED***

States legislative intent to allocate funds for funding floor of \$3,775 per fiscal year equated student from year-end GF/GP unreserved balance. Executive, Senate, House, and Conference delete.

### ***Sec. 451/268. Unfunded Indian Tuition Waiver Costs – REVISED***

States legislative intent to allocate funds for unfunded Indian Tuition Waiver costs from year-end GF/GP unreserved balance. Executive deletes. Senate retains but deletes reference to year-end balance. House retains. Conference concurs with Senate.

### ***Sec. 463. Students from Macomb County – DELETED***

Requires universities to report regarding outreach efforts to enroll students from Macomb County. Executive, Senate, House, and Conference delete.

### ***Sec. 464. Research Commercialization – DELETED***

Requires universities to submit plan to inform private/public sectors regarding research that could be commercialized. Executive, Senate, House, and Conference delete.

### ***Sec. 466. Consolidation of Services – RETAINED***

Requires universities to coordinate purchases of goods and services, including use of MiDEAL and MHEC. Executive and House delete. Senate retains. Conference concurs with Senate.

### ***Sec. 469. Graduates Receiving Pell Grants – DELETED***

Requires universities to report the number of graduates who received Pell Grants during their enrollment. Executive and House delete. Senate retains. Conference concurs with House.

### ***Sec. 470/271. Academic Program Accreditation – NEW***

Requires universities to report regarding direct expenditures for academic program accreditation. House adds new section. Senate does not include. Conference concurs with House.

### ***Sec. 471/272. Transfer Credit Reporting – NEW***

Requires universities to report regarding the number of transfer credits rejected for incoming students, reported both by academic area and prior institution. House adds new section. Senate does not include. Conference concurs with House.

### ***Sec. 472/273. Student Religious Beliefs – NEW***

States intent that universities report regarding efforts to accommodate the religious beliefs of students in accredited counseling programs. Senate, House, and Conference add new section.

### ***Sec. 473/274. Embryonic Stem Cell Research – NEW***

States intent that universities conducting research using human embryonic stem cells report to the Department of Community Health regarding embryos and stem cell lines received or utilized by the university. Senate, House, and Conference add new section.

### ***Sec. 474/274a. Adult Coresident Health Benefits – NEW***

Withholds 5.0% of each university's total appropriation to be paid to the university only if it verifies to the Department of Treasury that it does not provide health insurance or other fringe benefits for unmarried adult coresidents of university employees, or dependents of such coresidents. Reappropriates any funds not paid to universities for the purposes of reducing the K-12 Michigan Public School Employees Retirement System contribution rate. House adds new section. Senate does not include. Conference includes modified language stating intent that universities not provide benefits to unmarried adult coresidents or their dependents and report on the costs of providing any such benefits but does not tie language to appropriation amounts.

## **Major Boilerplate Changes From FY 2010-11**

### ***Sec. 480/275. Veterans Policies – REVISED***

States intent for universities to participate in the Yellow Ribbon GI Education Enhancement Program; requires report on program participation. Executive deletes. Senate and House retain. Conference adds intent that universities include question in admissions process as to whether applicant is a veteran, active member of military, member of National Guard or reserves, or spouse/dependent/spouse of someone meeting one of those criteria.

### ***Sec. 481. Urban Centers – DELETED***

States intent to consider an appropriation for grants to hire a consultant if a university is exploring the possibility of creating an urban center or core in its community. Executive, Senate, House, and Conference delete.

### ***Sec. 482/246. Capital Outlay Reporting – NEW***

Prohibits use of state funds for self-liquidating projects; requires compliance with Joint Capital Outlay Subcommittee reporting requirements. Senate and House add new section; Senate penalty is 1.0% appropriation reduction; House penalty is forfeiture of future project consideration. Conference concurs with Senate 1.0% penalty.

### ***Sec. 483/296. School Aid Fund Proration – NEW***

Provides for university appropriation amounts funded from School Aid Fund revenue to be reduced (along with K-12 and Community College appropriations) if total School Aid Fund appropriations are greater than the revenue available in the fund. Executive and House add new section applying to all relevant budgets. Senate and Conference include language specific to Higher Education budget.

### ***Sec. 490. HEIDI Advisory Committee – DELETED***

Designates funds appropriated for maintenance of HEIDI database established in statute. Executive and House delete. Senate retains. Conference concurs with Senate.

### ***Sec. 603/285. Community College Transfer – RETAINED***

Requires universities to work with community colleges to encourage transfers and facilitate transfer of credits from community colleges to universities. Executive and Senate retain. House revises to create committee composed of representatives from universities, community colleges, and Legislature to improve transferability of core college courses between community colleges and universities on a statewide basis; requires interim report by March 1, 2012. Conference concurs with Senate.

### ***Sec. 604/286. Reverse Transfer – NEW***

States intent that universities work with community colleges to implement state reverse transfer agreements for students transferring from a community college to a university to be able to transfer credits back to the community college and be awarded a credential. House adds new section. Senate does not include. Conference concurs with House.

### ***Sec. 701a/290. Degree Programs – REVISED***

Lists new degree programs established by public universities for which credit hours may be reported to state HEIDI database. House, Senate, and Conference insert new list submitted by Presidents Council

### ***Sec. 702. Responses to Audit Reports – DELETED***

Requires universities to report on implementation of audit report recommendations. Executive and House delete. Senate retains. Conference concurs with House.

### ***Sec. 709. Crime Statistics – RETAINED***

Requires universities to make materials prepared in accordance with federal crime and campus security reporting requirements available through the Internet. Executive and House delete. Senate retains. Conference concurs with Senate.

### ***Sec. 714. Student Records – RETAINED***

Requires universities to provide information from the records of a student to persons authorized by student. Executive and House delete. Senate retains. Conference concurs with Senate.

### ***Sec. 1001. One-Time Appropriations – NEW***

Appropriates \$1.9 million GF/GP on a one-time basis only in FY 2011-12: \$500,000 for the Autism Collaborative Center at Eastern Michigan University, \$1.2 million for the Facility for Rare Isotope Beams at Michigan State University, and \$200,000 for economic development and commercialization at Western Michigan University. Conference adds new section.

### ***Sec. 1201. FY 2012-13 Appropriations – NEW***

States intent to provide same appropriations for FY 2012-13, adjusted for caseload and related costs, federal fund match rates, economic factors, and available revenue. Senate adds new section in lieu of including FY 2012-13 line item section. Conference concurs with Senate with minor changes.

# **Comparison: FY 2011-12 University Appropriation Amounts**

Conference Report: Senate Bill 178 (S-1) CR-1

University	Appropriation Amounts					Conference vs. YTD		Conference Report			*Sec. 1001: One-Time Funds
	FY 2010-11 Year-to-Date	Exec Rec (w/ Tuition Restaint)	Senate (No Tuition Restraint)	House (w/ Tuition Restraint)	Conference (w/ Tuition Restraint)	\$ Change	% Change	Tuition Restraint Set-Aside	School Aid Fund	GF/GP	
Central	80,132,000	68,108,900	68,108,900	68,416,700	68,108,900	(12,023,100)	(15.0)	6,677,800	11,284,600	56,824,300	0
Eastern	76,026,200	64,619,100	64,619,100	64,850,900	64,619,100	(11,407,100)	(15.0)	3,299,200	10,706,400	53,912,700	500,000
Ferris	48,619,200	41,324,300	41,324,300	41,474,000	41,324,300	(7,294,900)	(15.0)	3,352,700	6,846,800	34,477,500	0
Grand Valley	61,976,400	52,677,400	52,677,400	53,005,200	52,677,400	(9,299,000)	(15.0)	4,245,900	8,727,800	43,949,600	0
Lake Superior	12,694,200	10,789,500	10,789,500	10,856,700	10,789,500	(1,904,700)	(15.0)	734,400	1,787,600	9,001,900	0
Michigan State	283,685,200	241,120,800	241,120,800	240,918,200	241,120,800	(42,564,400)	(15.0)	18,324,600	39,949,900	201,170,900	1,200,000
Michigan Tech	47,924,200	40,733,600	40,733,600	40,761,200	40,733,600	(7,190,600)	(15.0)	3,323,900	6,748,900	33,984,700	0
Northern	45,140,300	38,367,400	38,367,400	38,422,100	38,367,400	(6,772,900)	(15.0)	2,142,200	6,356,900	32,010,500	0
Oakland	50,761,300	43,145,000	43,145,000	43,378,600	43,145,000	(7,616,300)	(15.0)	3,831,500	7,148,400	35,996,600	0
Saginaw Valley	27,720,700	23,561,500	23,561,500	23,692,000	23,561,500	(4,159,200)	(15.0)	1,592,200	3,903,800	19,657,700	0
UM-Ann Arbor	316,254,500	268,803,300	268,803,300	268,002,300	268,803,300	(47,451,200)	(15.0)	13,871,500	44,536,300	224,267,000	0
UM-Dearborn	24,726,200	21,016,300	21,016,300	21,105,900	21,016,300	(3,709,900)	(15.0)	1,388,900	3,482,100	17,534,200	0
UM-Flint	20,898,000	17,762,400	17,762,400	17,855,800	17,762,400	(3,135,600)	(15.0)	1,083,000	2,942,900	14,819,500	0
Wayne State	214,171,400	182,036,900	182,036,900	181,151,700	182,036,900	(32,134,500)	(15.0)	12,827,500	30,160,600	151,876,300	0
Western	109,615,100	93,168,300	93,168,300	93,343,400	93,168,300	(16,446,800)	(15.0)	6,301,600	15,436,500	77,731,800	200,000
<b>TOTAL</b>	<b>1,420,344,900</b>	<b>1,207,234,700</b>	<b>1,207,234,700</b>	<b>1,207,234,700</b>	<b>1,207,234,700</b>	<b>(213,110,200)</b>	<b>(15.0)</b>	<b>82,996,900</b>	<b>200,019,500</b>	<b>1,007,215,200</b>	<b>1,900,000</b>
School Aid	0	699,719,500	200,000,000	699,719,500	200,019,500	200,019,500	--				
GF/GP	1,420,344,900	507,515,200	1,007,234,700	507,515,200	1,007,215,200	(413,129,700)	(29.1)				

\*Not reflected in other columns.