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BILL ANALYSIS

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House Bill is H.B. 4325

FY 2011-12 Senate-Passed Gross Appropriation	\$1,362,278,400
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House Changes to Senate-Passed:

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| 1. School Aid Funding Shift. The Governor shifted \$699,719,500 from the State General Fund to the School Aid Fund (SAF) for support of university operation line items. The Senate reduced SAF support to \$200.0 million, resulting in the Senate being \$499,719,500 over the Governor's recommendation for General Fund in the Higher Education budget. The House concurred with the Governor | 0 |
| 2. University Operations Reductions. The Governor reduced university operations funding by \$213,110,200 (15.0%). The Senate concurred with the Governor. The House reduced appropriations by 15.0%, however, allocated 14.0% across-the-board and 1.0% based on State funding per Fiscal Year Equated Student (FYES). The results in varying reductions for each university. | 0 |
| 3. Tuition Restraint Incentive – Operations Reduction. The Governor reduced university operations by \$82,996,900 and appropriated that amount in a separate tuition restraint incentive line item for each university. The Senate eliminated tuition restraint and rolled the funding back into the university operation line items. The House concurred with the Governor. | 0 |

Total Changes	
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FY 2011-12 House-Passed Gross Appropriation	\$1,362,278,400
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Changes from FY 2011-12 Senate-Passed:

1. **Research University.** Defines. House deleted, Senate modified to include high research. (Sen. Sec. 203)
2. **Tuition Restraint.** New - sets criteria. Included by Governor and House, deleted by Senate. (House Sec. 265)
3. **Funding Formula.** Governor and House included boilerplate stating that beginning with FY 2012-13, university funding shall be allocated using a formula developed by the State Budget Director. Senate deleted this section. House included but stated that the formula will be developed by the Legislature. (House Sec. 266)
4. **Foreign Vehicle.** Funds appropriated in part 1 shall not be used for the lease or purchase of a vehicle assembled or manufactured outside of the United States. Governor and House removed, Senate included. (Sen. Sec. 210)
5. **Appropriations Report.** A detailed description of procedures utilized to arrive at university appropriations shall be submitted to institutions by fiscal agencies. Governor and Senate removed, House included. (House Sec. 212(3))
6. **Budget Transparency.** Legislative intent that a public universities develop, post, and maintain a user-friendly and publicly accessible Internet site, with all expenditures made by the university within a fiscal year. Senate removed \$100.00 expenditure limit. House added more detailed reporting. (House Sec. 245/Sen. Sec. 218)
7. **Grant Programs.** House adjusted maximum grant award to reflect current amounts and revised quarterly allocation of TIP payments. (Sen. Sec. 301, 302 & 308/House Sec. 251, 252 & 254)
8. **Cooperative Extension Service.** New – related to roll-up of AES and CES.(Sen. Sec. 433a/House Sec. 263 (4)
9. **University Financial Aid.** Intent that universities increase expenditures for financial aid by at least the same percentage increase as resident undergraduate tuition and required fees. Gov/House deleted, Sen. included. (Sen. Sec. 436)
10. **Purchases of Goods and Services.** Requires public universities to coordinate their purchases of goods and services whenever possible. Requires report. Governor and House deleted, Senate restored. (Sen. Sec. 466)
11. **Pell Grant Report.** Requires report. Governor and House deleted, Senate restored. (Sen. Sec. 469)
12. **Academic Program Accreditation.** New House section requiring universities to report regarding direct expenditures for academic program accreditation. (House Sec. 271)
13. **Transfer Credit Reporting.** New House section requiring universities to report regarding the number of transfer credits rejected for incoming students, reported both by academic area and prior institution. (House Sec. 272)
14. **Adult Co-resident Health Benefits–5.0% Penalty.** Withholds 5.0% of total amount appropriated to each university. Provides for payment of the withheld funds to a university if, by December 1, 2011, the university verifies that it is not providing health insurance or other fringe benefits for any adult co-resident of a university employee who is not married to that employee or a dependent of such an adult co-resident. Provides that withheld funds shall be from the SAF revenue. Funds available after December 1, 2011 (amounts due to noncompliance by universities) are appropriated and allocated for reducing the estimated required MPERS employer contribution rates for K-12. (House Sec. 274a)
15. **HEIDI Advisory Committee.** Delineates appropriation for Higher Education Institutional Data Inventory and advisory committee. Governor and House deleted, Senate restored. (Sen. Sec. 490)
16. **Community College Transfer.** House revised 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. (House Sec. 285)
17. **Reverse Transfer.** New House language stating intent that universities work with community colleges to implement transfer of credits from a university to a community college to enabling award of credentials. (House Sec. 286)
18. **Joint Capital Outlay Subcommittee (JCOS) Requirements.** New - prohibits use of appropriations for the construction or maintenance of a self-liquidating project. Provides universities shall comply with JCOS use and finance requirements and includes 1.0% penalty for each violation of JCOS requirements. House included similar language but, instead of including a 1.0% penalty for violations, provides that violations could result in lack of JCOS consideration for future capital outlay projects. (Sen. Sec. 482/House Sec 246)
19. **Anticipated Appropriations for FY2012-13.** Gov. included line-item appropriations for FY 2012-13, rolling appropriations into one line item for universities and including boilerplate stating that funds to universities will be distributed by a new formula. Senate does not include line items and instead includes boilerplate stating intent of the Legislature to provide appropriations for FY 2012-13 for the line-items listed in part 1 at the FY 2011-12 level except for adjustments for economics, caseloads, Federal match rates, and available revenue. House concurred with Gov. (Sen. Sec. 1201)

Date Completed: 5-6-11

Fiscal Analyst: Bill Bowerman

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

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FY 2011-12 HIGHER EDUCATION APPROPRIATIONS

Universities	FY 2010-11 Year-To-Date Appropriation	FY 2011-12 Governor*	Gov % Chg to YTD	FY 2011-12 House	House % Chg to YTD	Senate Changes to FY 2010-11				Senate Amount Chg to Gov	Senate Amount Chg to House
						Senate 15.0% Reduction	Other Changes	FY 2011-12 Senate	Senate % Chg to YTD		
Central	\$80,132,000	\$68,108,900	(15.0)	\$68,416,700	(14.6)	(\$12,023,100)		\$68,108,900	(15.0)	\$0	(\$307,800)
Eastern	76,026,200	64,619,100	(15.0)	64,850,900	(14.7)	(11,407,100)		64,619,100	(15.0)	0	(231,800)
Ferris	48,619,200	41,324,300	(15.0)	41,474,000	(14.7)	(7,294,900)		41,324,300	(15.0)	0	(149,700)
Grand Valley	61,976,400	52,677,400	(15.0)	53,005,200	(14.5)	(9,299,000)		52,677,400	(15.0)	0	(327,800)
Lake Superior	12,694,200	10,789,500	(15.0)	10,856,700	(14.5)	(1,904,700)		10,789,500	(15.0)	0	(67,200)
Michigan State	283,685,200	241,120,800	(15.0)	240,918,200	(15.1)	(42,564,400)		241,120,800	(15.0)	0	202,600
Michigan Tech	47,924,200	40,733,600	(15.0)	40,761,200	(14.9)	(7,190,600)		40,733,600	(15.0)	0	(27,600)
Northern	45,140,300	38,367,400	(15.0)	38,422,100	(14.9)	(6,772,900)		38,367,400	(15.0)	0	(54,700)
Oakland	50,761,300	43,145,000	(15.0)	43,378,600	(14.5)	(7,616,300)		43,145,000	(15.0)	0	(233,600)
Saginaw Valley	27,720,700	23,561,500	(15.0)	23,692,000	(14.5)	(4,159,200)		23,561,500	(15.0)	0	(130,500)
UM-Ann Arbor	316,254,500	268,803,300	(15.0)	268,002,300	(15.3)	(47,451,200)		268,803,300	(15.0)	0	801,000
UM-Dearborn	24,726,200	21,016,300	(15.0)	21,105,900	(14.6)	(3,709,900)		21,016,300	(15.0)	0	(89,600)
UM-Flint	20,898,000	17,762,400	(15.0)	17,855,800	(14.6)	(3,135,600)		17,762,400	(15.0)	0	(93,400)
Wayne State	214,171,400	182,036,900	(15.0)	181,151,700	(15.4)	(32,134,500)		182,036,900	(15.0)	0	885,200
Western	109,615,100	93,168,300	(15.0)	93,343,400	(14.8)	(16,446,800)		93,168,300	(15.0)	0	(175,100)
Tuition Restraint	0	(82,996,900)	---	(83,021,200)	---		0	0	0.0	82,996,900	83,021,200
Tuition Incentive	0	82,996,900	---	83,021,200	---		0	0	0.0	(82,996,900)	(83,021,200)
Subtotal: University Operations	1,420,344,900	1,207,234,700	(15.0)	1,207,234,700	(15.0)	(213,110,200)	0	1,207,234,700	(15.0)	0	0
Ag Experiment Station (AES)	33,243,100	0	(100.0)	0	(100.0)	(4,987,800)	(28,255,300)	0	(100.0)	0	0
Cooperative Extension (CES)	28,672,600	0	(100.0)	0	(100.0)	(4,302,100)	(24,370,500)	0	(100.0)	0	0
AES CES Roll-up Line		52,625,800		52,625,800	---		52,625,800	52,625,800	---	0	0
Higher Education Database	105,000	105,000	0.0	105,000	0.0	0		105,000	0.0	0	0
Midwest Higher Ed Compact	95,000	95,000	0.0	95,000	0.0	0		95,000	0.0	0	0
King-Chavez-Parks	2,691,500	2,691,500	0.0	2,691,500	0.0	0		2,691,500	0.0	0	0
Subtotal: Other	64,807,200	55,517,300	(14.3)	55,517,300	(14.3)	(9,289,900)	0	55,517,300	(14.3)	0	0
Total Universities	\$1,485,152,100	\$1,262,752,000	(15.0)	\$1,262,752,000	(15.0)	(\$222,400,100)	\$0	\$1,262,752,000	(15.0)	0	0
School Aid Fund	\$0	699,719,500	--	699,719,500	---	\$0	\$200,000,000	200,000,000	---	(499,719,500)	(499,719,500)
State GF/GP	\$1,485,152,100	\$563,032,500	(62.1)	563,032,500	(62.1)	(\$222,400,100)	(\$200,000,000)	1,062,752,000	(28.4)	499,719,500	499,719,500
Grants and Financial Aid											
State Competitive Scholarships	\$19,861,700	\$0	(100.0)	19,861,700	0.0		\$0	19,861,700	0.0	19,861,700	0
Tuition Grants	31,664,700	0	(100.0)	31,664,700	0.0		0	31,664,700	0.0	31,664,700	0
Pathway to Higher Education	0	51,526,400	---	0	0.0		0	0	---	(51,526,400)	0
Byrd Scholarship Program	1,500,000	1,500,000	0.0	1,500,000	0.0		0	1,500,000	0.0	0	0
Tuition Incentive Program (TIP)	37,400,000	43,800,000	17.1	43,800,000	17.1		6,400,000	43,800,000	17.1	0	0
Children of Veterans Tuition	1,200,000	1,200,000	0.0	1,200,000	0.0		0	1,200,000	0.0	0	0
Project Gear-Up	1,500,000	1,500,000	0.0	1,500,000	0.0			1,500,000	0.0	0	0
Total Grants/Financial Aid	\$93,126,400	\$99,526,400	6.9	\$99,526,400	6.9		\$6,400,000	\$99,526,400	6.9	0	0
Federal Higher Ed Act	4,500,000	4,500,000	0.0	4,500,000	0.0		0	4,500,000	0.0	0	0
Federal TANF	0	93,826,400	---	93,826,400	---		93,826,400	93,826,400	---	0	0
Merit Award Trust Fund	30,100,000	0	(100.0)	0	(100.0)		(30,100,000)	0	(100.0)	0	0
Veterans Tax Checkoff	300,000	200,000	(33.3)	200,000	(33.3)		(100,000)	200,000	(33.3)	0	0
State GF/GP	\$58,226,400	\$1,000,000	(98.3)	1,000,000	(98.3)		(\$57,226,400)	\$1,000,000	(98.3)	0	0
TOTAL HIGHER EDUCATION											
TOTAL ALL FUNDS	\$1,578,278,500	\$1,362,278,400	(13.7)	\$1,362,278,400	(13.7)		\$6,400,000	\$1,362,278,400	(13.7)	0	0
TOTAL FEDERAL	4,500,000	98,326,400	2,085.0	98,326,400	2,085.0		93,826,400	98,326,400	2,085.0	0	0
TOTAL STATE RESTRICTED	30,400,000	699,919,500	2,202.4	699,919,500	2,202.4		169,800,000	200,200,000	558.6	(499,719,500)	(499,719,500)
TOTAL STATE GF/GP	\$1,543,378,500	\$564,032,500	(63.5)	\$564,032,500	(63.5)		(\$257,226,400)	\$1,063,752,000	(31.1)	499,719,500	499,719,500

* Allocations for Governor's Recommendation are based on 'Schedule of Programs contained in proposed budget bills.