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BILL ANALYSIS

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Senate Bill 178 (as introduced)

Vehicle for Governor's Recommendation line items is S.B. 200

Committee: Appropriations

FY 2010-11 Year-to-Date Gross Appropriation	\$1,578,278,500
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Changes from FY 2010-11 Year-to-Date:

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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. | 0 |
| 2. University Operations Reductions. The Governor reduced university operations funding by \$222,400,100 (15.0%), including the MSU Cooperative Extension Service (CES) and the Agricultural Experiment Station (AES). The Governor also rolled CES and AES into one line item. <u>Table 1</u> outlines the reductions. | (222,400,100) |
| 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. | (82,996,900) |
| 4. Tuition Restraint Incentive – New line item. If a university keeps its resident undergraduate tuition and fee increases at or below the recent five-year average of annual statewide tuition and fee increases (7.1%), then the institution would receive its tuition restraint incentive grant. | 82,996,900 |
| 5. Tuition Grants. The Governor eliminated this program for financially needy undergraduate students at Michigan two-year and four-year private institutions. | (31,664,700) |
| 6. State Competitive Scholarships. The Governor eliminated this program for undergraduate students at Michigan two-year and four-year public and private institutions. Students are eligible for up to 10 semesters if they have financial need and a qualifying ACT score. | (19,861,700) |
| 7. Pathway to Higher Education. The Governor added a new program that would consist of funding previously appropriated for State Competitive Scholarships and Tuition Grants. Funding would support need-based financial aid awards to students attending either public or private colleges and universities who have an Expected Family Contribution (EFC) of \$3,800 or less (this approximately equates to an Adjusted Gross Income of \$50,000 or less). The maximum award would be based on the number of eligible students. (FY 2011-12 estimate: \$875 based on 55,000 students qualifying). | 51,526,400 |
| 8. Tuition Incentive Program (TIP). The Governor increased funding from \$37.4 million to \$43.8 million based on individuals eligible for funding and costs associated with the program. TIP provides an incentive to students to complete high school and go on to college by pledging to pay tuition and fees for an associate degree or certificate programs, as well as up to \$2,000 at a four-year institution. Students in grades 6 through 12 who are Medicaid eligible for 24 months can qualify for TIP. | 6,400,000 |
| 9. Federal Funding Shifts. Funding for financial aid programs is shifted to \$93,826,400 in Temporary Assistance for Needy Families (TANF), offsetting a like amount in State General Fund and State Restricted sources of funding. This eliminates all General Fund support for financial aid except for \$1.0 million appropriated for Children of Veterans and Officer's Survivor Tuition Programs. Use of TANF Federal funds for financial aid programs improves the State's ability to meet Federal TANF maintenance-of-effort requirements. | 0 |

Total Changes.....	(\$216,000,100)
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FY 2011-12 Governor's Recommendation.....	\$1,362,278,400
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The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2010-11 Year to Date:

1. **Pathway to Higher Education.** Criteria for new grant. (Sec. 182A)
2. **Tuition Restraint.** New boilerplate for setting criteria for tuition restraint payments. (Sec. 183A)
3. **Funding Formula.** New boilerplate stating the intent that beginning with FY 2012-13, university operations funding shall be allocated to each university using a formula that encourages universities to provide educational opportunities for students that are accessible, affordable and result in a highly educated workforce. (Sec. 183B)
4. **School Aid Fund (SAF) Proration.** New language subjecting university appropriations from the SAF to the proration process, if SAF appropriations exceed the amount available for expenditure. (Sec. 195)
5. **Standard Language and Reporting Sections.** Governor deleted standard language and reporting sections including: Compliance with DMB Act (Sec. 202), Use of Internet for reporting (Sec. 208), Buy American intent language (Sec. 209), purchased or leased vehicles—preference for Michigan manufactured vehicles (Sec. 210), depressed and deprived communities—compete and perform university contracts (Sec. 211), description of procedures used to make the appropriations for universities (Sec. 212 (3), appropriation of Federal and private funds does not obligate the Legislature to continue programs (Sec. 213), financial transparency (Sec. 218), student financial aid report (Sec. 315), Macomb County Report (Sec. 463), Pell Grant report (Sec. 469), Yellow Ribbon GI Education Enhancement Program (Sec. 480), HEIDI database committee (Sec. 490), legislative acknowledgement of degree programs (Sec. 701a), university audit responses (Sec. 702), Student Right-to-Know and Campus Security Act (Sec. 709), Family Educational Rights and Privacy Act (714).
6. **Michigan Tuition Tax Credit.** Governor deleted this section as part of his tax proposal package. (Sec. 214)
7. **State Competitive Scholarship/Tuition Grant Programs Criteria.** The Governor deleted sections 301 & Sec. 302.
8. **Independent College Audits.** Governor removed the provision in this section stating the auditor general shall submit a report of findings since audits are made currently available as part of the process. (Sec. 307)
9. **Student Financial Aid Payments.** Provides for distribution schedule. Governor modified based on proposed new financial aid program and schedule for tuition incentive program. (Sec. 308)
10. **Needs Analysis Criteria.** Requirement for Treasury to determine the needs analysis criteria for the State Competitive Scholarship and Tuition Grant programs; the Governor deleted. (Sec. 309)
11. **U of M Biological Station.** Legislative intent to protect and preserve the unique long-term research value and capabilities of the biological station area and Douglas Lake; Governor removed. (Sec. 402)
12. **Textbook and Course Material Costs.** Legislative intent that public universities develop policies for minimizing the cost of textbooks and course materials; Governor deleted. (Sec. 426)
13. **Project GREEN.** Funding earmarked from AES and CES for Project GREEN; Governor removed the annual reporting requirements. (Sec. 433)
14. **Student Financial Aid Expenditures.** Legislative intent that universities increase expenditures for student financial aid by at least the same percentage as the percentage change in resident undergraduate tuition and required fees; Governor removed. (Sec. 436)
15. **Per-Student Floor Funding.** Legislative intent that a per-student floor funding amount be funded from the General Fund unreserved balances at the close of FY 2009-2010; Governor deleted. (Sec. 450)
16. **North American Indian Tuition Waiver.** Legislative intent that funds be allocated for unfunded North American Indian tuition waiver costs from the General Fund unreserved balances at the close of the FY 2009-2010; Governor deleted. (Sec. 451)
17. **Research and Technology Outreach.** Requirement for universities to submit a plan on its process to inform both the private and public sectors regarding research and technology that could be developed commercially; Governor removed. (Sec. 464)
18. **Purchases/DTMB Services.** Requirement for universities to coordinate purchases of goods and services and use DTMB purchasing resources (MiDEAL and MHEC), and report on group or pooled purchases and the savings achieved by the public universities in the previous fiscal year; Governor removed. (Sec. 466)
19. **Urban Center.** Legislative intent to consider an appropriation of funds for grants to universities for the purpose of hiring a consultant when a university is exploring the possibility of creating an urban center or core in its community; Governor deleted. (Sec. 481)

Date Completed: 3-1-11

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: GOVERNOR'S RECOMMENDATION*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Universities	FY 2010-11 Year-To-Date Appropriation	15.0% Reduction	Program Changes/ Current Services/ Funding Shifts/ Roll-ups	Tuition Restraint Operations Adj.	Tuition Restraint Incentive	FY 2011-12 Governor's Recommendation	Dollar Change From 2010-11	Percent Change From 2010-11	2011-12 Appropriation Per Student**
Central	\$80,132,000	(\$12,023,100)		(\$6,677,800)	\$6,677,800	\$68,108,900	(\$12,023,100)	-15.0%	\$3,112
Eastern	76,026,200	(11,407,100)		(3,299,200)	3,299,200	64,619,100	(11,407,100)	-15.0%	3,521
Ferris	48,619,200	(7,294,900)		(3,352,700)	3,352,700	41,324,300	(7,294,900)	-15.0%	3,505
Grand Valley	61,976,400	(9,299,000)		(4,245,900)	4,245,900	52,677,400	(9,299,000)	-15.0%	2,365
Lake Superior	12,694,200	(1,904,700)		(734,400)	734,400	10,789,500	(1,904,700)	-15.0%	4,707
Michigan State	283,685,200	(42,564,400)		(18,324,600)	18,324,600	241,120,800	(42,564,400)	-15.0%	5,461
Michigan Tech	47,924,200	(7,190,600)		(3,323,900)	3,323,900	40,733,600	(7,190,600)	-15.0%	6,125
Northern	45,140,300	(6,772,900)		(2,142,200)	2,142,200	38,367,400	(6,772,900)	-15.0%	4,468
Oakland	50,761,300	(7,616,300)		(3,831,500)	3,831,500	43,145,000	(7,616,300)	-15.0%	2,719
Saginaw Valley	27,720,700	(4,159,200)		(1,592,200)	1,592,200	23,561,500	(4,159,200)	-15.0%	2,665
UM-Ann Arbor	316,254,500	(47,451,200)		(13,871,500)	13,871,500	268,803,300	(47,451,200)	-15.0%	6,399
UM-Dearborn	24,726,200	(3,709,900)		(1,388,900)	1,388,900	21,016,300	(3,709,900)	-15.0%	3,223
UM-Flint	20,898,000	(3,135,600)		(1,083,000)	1,083,000	17,762,400	(3,135,600)	-15.0%	2,788
Wayne State	214,171,400	(32,134,500)		(12,827,500)	12,827,500	182,036,900	(32,134,500)	-15.0%	7,225
Western	109,615,100	(16,446,800)		(6,301,600)	6,301,600	93,168,300	(16,446,800)	-15.0%	4,269
Ag Experiment Station (AES)	33,243,100	(4,987,800)	(28,255,300)			0	(33,243,100)	-100.0%	
Cooperative Extension (CES)	28,672,600	(4,302,100)	(24,370,500)			0	(28,672,600)	-100.0%	
AES CES Roll-up Line			52,625,800			52,625,800	52,625,800	----	
Higher Education Database	105,000	0				105,000	0	0.0%	
Midwest Higher Ed Compact	95,000	0				95,000	0	0.0%	
King-Chavez-Parks	2,691,500	0				2,691,500	0	0.0%	
Total Universities	\$1,485,152,100	(\$222,400,100)	\$0	(\$82,996,900)	\$82,996,900	\$1,262,752,000	(\$222,400,100)	-15.0%	\$4,597
School Aid Fund	\$0	\$0	\$699,719,500	\$0	\$0	699,719,500	\$699,719,500	----	
State GF/GP	\$1,485,152,100	(\$222,400,100)	(\$699,719,500)	(\$82,996,900)	\$82,996,900	\$563,032,500	(\$922,119,600)	-62.1%	
Grants and Financial Aid									
State Competitive Scholarships	\$19,861,700		(\$19,861,700)			\$0	(\$19,861,700)	-100.0%	
Tuition Grants	31,664,700		(31,664,700)			0	(31,664,700)	-100.0%	
Pathway to Higher Education	0		51,526,400			51,526,400	51,526,400	----	
Byrd Scholarship Program	1,500,000					1,500,000	0	0.0%	
Tuition Incentive Program (TIP)	37,400,000		6,400,000			43,800,000	6,400,000	17.1%	
Children of Veterans Tuition	1,200,000					1,200,000	0	0.0%	
Project Gear-Up	1,500,000					1,500,000	0	0.0%	
Total Grants/Financial Aid	\$93,126,400	\$0	\$6,400,000	\$0	\$0	\$99,526,400	\$6,400,000	6.9%	
Federal Higher Ed Act	4,500,000	0	0	0	0	4,500,000	0	0.0%	
Federal TANF	0	0	93,826,400	0	0	93,826,400	93,826,400	----	
Merit Award Trust Fund	30,100,000	0	(30,100,000)	0	0	0	(30,100,000)	-100.0%	
Veterans Tax Checkoff	300,000	0	(100,000)	0	0	200,000	(100,000)	-33.3%	
State GF/GP	\$58,226,400	\$0	(\$57,226,400)	\$0	\$0	\$1,000,000	(\$57,226,400)	-98.3%	
TOTAL HIGHER EDUCATION									
TOTAL ALL FUNDS	\$1,578,278,500	(\$222,400,100)	\$6,400,000	(\$82,996,900)	\$82,996,900	\$1,362,278,400	(\$216,000,100)	-13.7%	
TOTAL FEDERAL	4,500,000	0	93,826,400	0	0	98,326,400	93,826,400	2085.0%	
TOTAL STATE RESTRICTED	30,400,000	0	669,519,500	0	0	699,919,500	669,519,500	2202.4%	
TOTAL STATE GF/GP	\$1,543,378,500	(\$222,400,100)	(\$756,945,900)	(\$82,996,900)	\$82,996,900	\$564,032,500	(\$979,346,000)	-63.5%	

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

** FY 2009-10 Fiscal-Year-Equated Students (FYES).