



Senate Fiscal Agency
 P. O. Box 30036
 Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-2768
Fax: (517) 373-1986

FY 2011-12 Year-to-Date Gross Appropriation \$1,364,178,400

Changes from FY 2011-12 Year-to-Date:

Items Included by the Senate and House

- | | |
|--|-------------|
| 1. Michigan Public School Employees Retirement System (MPERS) Retiree Health Costs. School Aid Fund support to offset the 0.25% increase in costs related to retiree health care. | 446,200 |
| 2. State Competitive Scholarships. Governor, Senate, and House increased funding for this program from \$18,361,700 to \$20,361,700. Conference removed increase due to differences on funding sources (Items 7 and 8 below). | 0 |
| 3. Federal Funds. The Robert C. Byrd scholarship was eliminated by Congress. | (1,300,000) |

Conference Agreement on Items of Difference

- | | |
|---|------------|
| 4. MSU AgBioResearch. Conference included a 3.0% increase. | 1,578,800 |
| 5. Performance Funding. (See <u>Table 1</u> for details by institution.) | 36,217,000 |

Governor: \$36,217,000 (3.0%) increase allocated by four new funding formulas based on three-year average growth of undergraduate degree completions, three-year average degree completions in critical skills areas, three-year average number of undergraduate students receiving Pell Grants, and tuition restraint.

Senate: Maintained \$9,054,300 tuition restraint recommendation, but changed the remaining distribution to an \$18,108,400 allocation proportional to FY 2011-12 base appropriations and \$9,054,300 allocated pursuant to how universities perform relative to their Carnegie classifications for eight metrics.

House: Included the same overall increase but distributed funding based on a single-component formula that weights undergraduate degrees and certificates (two-year average) according to program length and provides a double weight for degrees/certificates in critical skills areas. House also redistributes 1.0% of FY 2011-12 base appropriations (\$12,072,300) under the formula, along with the \$36,217,000.

Conference: Maintained Governor's tuition restraint, but included a modified performance funding method based on the Senate and House formulas.

- | | |
|---|-------------|
| 6. MSU Facility for Rare Isotopes (FRIB). Governor and Senate included \$2,339,900. House and Conference transferred funding to the General Government Budget. | 0 |
| 7. Tuition Grants. Governor reduced this program by \$1.0 million, from \$31,664,700 to \$30,664,700. Senate maintained current year funding; House increased to \$32,664,700. Conference maintained current-year funding. | 0 |
| 8. Tuition Incentive Program (TIP). Governor reduced this program by \$1.0 million, from \$43.8 million to \$42.8 million. Senate reduced this program by an additional \$1.0 million. House maintained the Governor's recommended level of funding. Conference maintained current-year funding. | 0 |
| 9. Other Changes. Governor and House eliminated FY 2011-12 one-time appropriations for EMU Autism Collaborative Center (\$500,000), MSU FRIB (\$1.2 million, and WMU Economic Development and Commercialization (\$200,000). Senate restored EMU Autism Collaborative Center Funding and added CMU \$50,000 grant for Central Assessment Lending Library. Leadership transferred EMU and CMU items to other budgets. | (1,900,000) |

Total Changes	\$35,042,000
---------------------	--------------

FY 2012-13 Conference Report Ongoing/One-Time Gross Appropriation \$1,399,220,400

Amount Over/(Under) GF/GP Target: \$0

Changes from FY 2011-12 Year-to-Date:Items Included by the Senate and House

1. **Contingency Funds.** Appropriates up to \$6,000,000 in Federal funds for grants and financial aid. (Sec. 236b)
2. **P-20 Education Longitudinal Data System.** Modified to require the development of a P-20 system and allow the Budget Director to withhold funds for noncompliance. (Sec. 244)
3. **State Competitive Scholarships.** Governor, Senate, and House reduced awards to reflect actual amounts. (Sec. 251)
4. **Academic Information-High Schools and Community Colleges.** Modified to require universities to work with Center for Educational Performance and Information (CEPI) to implement a systematic approach. (Secs. 283 and 284)
5. **State Building Authority Rent.** Lists amounts included in the General Government bill. (Sec. 294a)
6. **Restored/Modified Sections.** Buy American/Buy Michigan intent (Sec. 239); purchase of foreign automobiles prohibition (Sec. 239a); certifying eligibility for TIP (Conference added clarification to the term "incarcerated" (Sec. 256); U of M Douglas Lake Biological Station (Sec. 261); unfunded Indian tuition waiver costs (Sec. 268); counseling degree programs/student's religious beliefs (Sec. 273); and human embryonic stem cell report (Conference modified) (Sec. 274).
7. **Deleted Sections.** Research university definition (Sec. 237a); minimizing textbooks costs (Sec. 262); funding formula (Sec. 266); academic program accreditation (Sec. 271); and rejection of transfer credits report (Sec. 272).

Conference Agreement on Items of Difference

8. **Second Year Appropriation Intent Language.** Governor replaced with line items. Senate and House maintained boilerplate. House stated intent performance funding is included in FY 2013-14 base and referenced May Revenue Estimating Conference instead of January. Conference concurred with Senate. (Sec. 236a)
9. **Posting of Expenditures.** Governor eliminated listing of individual employee information. Senate concurred in part, but required additional information and uniform placement of information on university websites. Senate authorizes the Budget Director to withhold State aid for noncompliance. House maintained current-year language and added December 15 report deadline. Conference concurred with Senate but added specific salary information. (Sec. 245)
10. **Tuition Grant Program.** Governor changed application deadlines, eliminated carry forward, and added new reporting requirements for independent colleges (P-20, etc.). Senate maintained current-year language. House removed carry forward, changed reporting requirement to intent that private institutions work with CEPI toward establishment of a student-level data reporting process, and added reporting if funds are available above the \$1,512 maximum award. Conference concurred with Senate except added House reporting requirement. (Sec. 252)
11. **Student Financial Aid Distributions.** Governor, House, and Conference changed distribution from 50% allocated over the first two quarters to payments of 50%, 30%, 10%, and 10%. (Sec. 254)
12. **Purpose of University Appropriations.** House language stating the purpose of State funding is to reduce the cost charged to Michigan residents for undergraduate instructional programs. (Sec. 260)
13. **Tuition Restraint.** Governor revised and set the FY 2012-13 limit at 4.0%. Senate reduced limit to 3.5%. House tied tuition restraint requirements to all of performance funding and calculated FY 2012-13 tuition restraint limit on two-year basis. Conference concurred with Governor but modified by defining "fee" to include the cost of a university-affiliated health insurance policy for a university that compels resident undergrad students to have health insurance coverage. (Sec. 265)
14. **Performance Funding Criteria.** Governor: Required universities to certify they participate in the Michigan Transfer Network (MTN), set criteria, and lapse forfeited funds. Senate: Changed formula, redistribute funds forfeited, and tie receipt of funds to MTN participation and compliance with stem cell report. House: Changed formula, condition receipt to compliance with tuition restraint, reporting on embryonic stem cell research, certification that the university participates in at least three reverse transfer agreements, certification that dual enrollment policies do not prevent use of credits for high school graduation, and certification that the university does not require resident undergraduate students to carry health insurance coverage. Funds forfeited for noncompliance are re-appropriated for MPERS, MSU AgBioResearch, and the balance for additional performance funding. Conference: Required reserve transfer agreement, House dual enrollment provision, and MTN participation. Forfeited funds would be reappropriated to tuition restraint. (Sec. 265a)
15. **Non-Profit Worker Centers.** House language stating legislative intent that public universities shall not collaborate with a nonprofit worker center whose documented activities include coercion through protest, demonstration, or organization against a Michigan business. Conference modified intent language. (Sec. 273a)
16. **Restored Sections.** Conference restored: payment schedule/withholding funds (Sec. 241); acceptance of Federal funds not placing an obligation on the Legislature (portion of Sec. 242); coordinate purchases (Sec. 270a); adult co-resident health benefits-legislative intent and report (Sec. 274a); Yellow Ribbon GI Education Enhancement report requirement (portion of Sec. 275); compliance with JCOS use and finance rules and penalty provisions (portion of Sec. 275a); and Federal Educational Rights & Privacy Act (Sec. 293); and new degree programs (Sec. 290).
17. **Other Changes.** Conference removed deprived and depressed communities (Sec. 240); concurred with Senate on AgBioResearch performance goals (Sec. 263a); deleted coordinated purchases (Sec. 270a); and merged campus security information (Sec. 292) with Sec. 245.

Date Completed: 6-4-12

Fiscal Analyst: Bill Bowerman

Table 1: FY 2012-13 Higher Education Appropriation Bill

	Governor				Senate Passed			House Passed			Conference		
	FY 2011-12 Year-To-Date Appropriation	FY 2012-13 Governor's Recommendation	Dollar Change From 2011-12	Percent Change From 2011-12	FY 2012-13 Senate Passed	Dollar Change From 2011-12	Percent Change From 2011-12	FY 2012-13 House Passed	Dollar Change From 2011-12	Percent Change From 2011-12	FY 2012-13 Conference Report	Dollar Change From 2011-12	Percent Change From 2011-12
Universities													
Central	\$68,108,900	\$70,680,700	\$2,571,800	3.8%	\$69,921,200	\$1,812,300	2.7%	\$71,133,500	\$3,024,600	4.4%	\$69,575,300	\$1,466,400	2.2%
Eastern	64,619,100	66,118,400	1,499,300	2.3%	66,178,000	1,558,900	2.4%	67,065,300	2,446,200	3.8%	66,297,500	1,678,400	2.6%
Ferris	41,324,300	43,906,600	2,582,300	6.2%	42,239,900	915,600	2.2%	44,003,300	2,679,000	6.5%	42,981,400	1,657,100	4.0%
Grand Valley	52,677,400	56,673,500	3,996,100	7.6%	54,478,200	1,800,800	3.4%	56,576,100	3,898,700	7.4%	55,097,500	2,420,100	4.6%
Lake Superior	10,789,500	11,036,700	247,200	2.3%	11,320,000	530,500	4.9%	11,241,200	451,700	4.2%	11,030,700	241,200	2.2%
Michigan State	241,120,800	244,418,600	3,297,800	1.4%	245,533,000	4,412,200	1.8%	247,912,200	6,791,400	2.8%	244,529,200	3,408,400	1.4%
Michigan Tech	40,733,600	41,536,100	802,500	2.0%	41,785,400	1,051,800	2.6%	42,009,900	1,276,300	3.1%	42,409,900	1,676,300	4.1%
Northern	38,367,400	39,659,700	1,292,300	3.4%	39,636,400	1,269,000	3.3%	39,514,100	1,146,700	3.0%	40,348,800	1,981,400	5.2%
Oakland	43,145,000	44,744,600	1,599,600	3.7%	44,103,500	958,500	2.2%	45,568,500	2,423,500	5.6%	44,033,300	888,300	2.1%
Saginaw Valley	23,561,500	24,682,500	1,121,000	4.8%	24,307,000	745,500	3.2%	24,663,300	1,101,800	4.7%	25,487,500	1,926,000	8.2%
UM-Ann Arbor	268,803,300	272,695,500	3,892,200	1.4%	273,652,500	4,849,200	1.8%	273,590,700	4,787,400	1.8%	273,056,700	4,253,400	1.6%
UM-Dearborn	21,016,300	21,587,800	571,500	2.7%	21,948,000	931,700	4.4%	22,098,400	1,082,100	5.1%	21,898,800	882,500	4.2%
UM-Flint	17,762,400	18,330,900	568,500	3.2%	18,488,300	725,900	4.1%	18,693,900	931,500	5.2%	19,103,500	1,341,100	7.6%
Wayne State	182,036,900	183,719,300	1,682,400	0.9%	185,530,600	3,493,700	1.9%	183,012,100	975,200	0.5%	183,229,100	1,192,200	0.7%
Western	93,168,300	94,606,500	1,438,200	1.5%	95,275,400	2,107,100	2.3%	96,369,200	3,200,900	3.4%	95,318,300	2,150,000	2.3%
Tuition Restraint Incentive*		9,054,300	9,054,300	---	9,054,300	9,054,300	---	0	0	0.0%	9,054,200	9,054,200	---
MPSERS Retiree Health Care		446,200	446,200	---	446,200	446,200	---	446,200	446,200	---	446,200	446,200	---
MSU AgBioResearch & Extension	52,625,800	52,625,800	0	0.0%	52,625,800	0	0.0%	52,625,800	0	0.0%	54,204,600	1,578,800	3.0%
MSU Facility for Rare Isotope Beams	0	2,339,900	2,339,900	---	2,339,900	2,339,900	---	0	0	0.0%	0	0	0.0%
Higher Education Database	105,000	105,000	0	0.0%	105,000	0	0.0%	105,000	0	0.0%	105,000	0	0.0%
Midwest Higher Ed Compact	95,000	95,000	0	0.0%	95,000	0	0.0%	95,000	0	0.0%	95,000	0	0.0%
King-Chavez-Parks	2,691,500	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%
CMU Assessment Lending Library	0	0	0	0.0%	50,000	50,000	---	0	0	0.0%	0	0	0.0%
FY 2011-12 One-time Appropriations	1,900,000	0	(1,900,000)	-100.0%	500,000	(1,400,000)	-73.7%	0	(1,900,000)	-100.0%	0	(1,900,000)	-100.0%
Total Universities	\$1,264,652,000	\$1,301,755,100	\$37,103,100	2.9%	\$1,302,305,100	\$37,653,100	3.0%	\$1,299,415,200	\$34,763,200	2.7%	\$1,300,994,000	\$36,342,000	2.9%
School Aid Fund	\$200,019,500	200,465,700	\$446,200	0.2%	200,465,700	446,200	0.2%	200,465,700	446,200	0.2%	200,465,700	446,200	0.2%
State GF/GP	\$1,064,632,500	\$1,101,289,400	\$36,656,900	3.4%	\$1,101,839,400	37,206,900	3.5%	1,098,949,500	34,317,000	3.2%	1,100,528,300	35,895,800	3.4%
Grants and Financial Aid													
State Competitive Scholarships	\$18,361,700	\$20,361,700	\$2,000,000	10.9%	20,361,700	2,000,000	10.9%	20,361,700	2,000,000	10.9%	18,361,700	0	0.0%
Tuition Grants	31,664,700	30,664,700	(1,000,000)	-3.2%	31,664,700	0	0.0%	32,664,700	1,000,000	3.2%	31,664,700	0	0.0%
Tuition Incentive Program (TIP)	43,800,000	42,800,000	(1,000,000)	-2.3%	41,800,000	(2,000,000)	-4.6%	42,800,000	(1,000,000)	-2.3%	43,800,000	0	0.0%
Byrd Scholarship Program	1,300,000	0	(1,300,000)	-100.0%	0	(1,300,000)	-100.0%	0	(1,300,000)	-100.0%	0	(1,300,000)	-100.0%
Children of Veterans & Officer's Tuition	1,200,000	1,200,000	0	0.0%				1,200,000	0	0.0%	1,200,000	0	0.0%
Project Gear-Up	3,200,000	3,200,000	0	0.0%				3,200,000	0	0.0%	3,200,000	0	0.0%
Total Grants/Financial Aid	\$99,526,400	\$98,226,400	(\$1,300,000)	-1.3%	98,226,400	(1,300,000)	-1.3%	100,226,400	700,000	0.7%	98,226,400	(1,300,000)	-1.3%
Federal Higher Ed Act	4,500,000	3,200,000	(1,300,000)	-28.9%	3,200,000	(1,300,000)	-28.9%	3,200,000	(1,300,000)	-28.9%	3,200,000	(1,300,000)	-28.9%
Federal TANF	93,826,400	93,826,400	0	---	93,826,400	0	0.0%	95,826,400	2,000,000	2.1%	93,826,400	0	0.0%
Veterans Tax Check-off	200,000	100,000	(100,000)	-50.0%	100,000	(100,000)	-50.0%	100,000	(100,000)	-50.0%	100,000	(100,000)	-50.0%
State GF/GP	\$1,000,000	\$1,100,000	\$100,000	10.0%	1,100,000	100,000	10.0%	1,100,000	100,000	10.0%	1,100,000	100,000	10.0%
TOTAL HIGHER EDUCATION													
TOTAL ALL FUNDS	\$1,364,178,400	\$1,399,981,500	\$35,803,100	2.6%	\$1,400,531,500	\$36,353,100	2.7%	\$1,399,641,600	\$35,463,200	2.6%	\$1,399,220,400	\$35,042,000	2.6%
TOTAL FEDERAL	98,326,400	97,026,400	(1,300,000)	-1.3%	97,026,400	(1,300,000)	-1.3%	99,026,400	700,000	0.7%	97,026,400	(1,300,000)	-1.3%
TOTAL STATE RESTRICTED	200,219,500	200,565,700	346,200	0.2%	200,565,700	346,200	0.2%	200,565,700	346,200	0.2%	200,565,700	346,200	0.2%
TOTAL STATE GF/GP	\$1,065,632,500	\$1,102,389,400	\$36,756,900	3.4%	\$1,102,939,400	\$37,306,900	3.5%	\$1,100,049,500	\$34,417,000	3.2%	\$1,101,628,300	\$35,995,800	3.4%

* Tuition restraint incentive appropriation is not allocated to university line items. Distributions will be made to universities after university boards set FY 2012-13 tuition and fee rates.

Conference Scenario: FY 2012-13 University Performance Funding

Component funding:	\$6,036,167	\$6,036,167	\$6,036,167	\$6,036,167	\$3,018,083
Funding per unit/point:	\$403	\$232,160	\$163,140	\$355,069	\$0.0025

University	\$ Allocation per Degree			Scored vs. National Carnegie Peers						% of R&D Expenditures		Total Performance Funding	Percent Change From FY12
	FY 2011-12 Appropriation	Critical Skills Undergrad Degrees/Certifs	Performance Funding	Score: 6-Year Grad Rate	Performance Funding	*Total Degree Completions	Performance Funding	Score: Inst Support as % of Core Exp	Performance Funding	FY 2009-10 Total R&D Expenditures	Performance Funding		
Michigan State	241,120,800	2,894	1,166,943	3	696,481	3	489,419	1	355,069	276,579,627	700,532	3,408,400	1.4
UM-Ann Arbor	268,803,300	2,534	1,021,736	3	696,481	3	489,419	1	355,069	667,498,000	1,690,665	4,253,400	1.6
Wayne State	182,036,900	778	313,698	0	0	3	489,419	0	0	153,631,812	389,125	1,192,200	0.7
Michigan Tech	40,733,600	916	369,215	3	696,481	3	489,419	0	0	47,858,000	121,217	1,676,300	4.1
Western	93,168,300	1,115	449,580	1	232,160	2	326,279	3	1,065,206	30,300,890	76,747	2,150,000	2.3
Central	\$68,108,900	749	\$301,803	2	\$464,321	2	\$326,279	1	\$355,069	7,482,871	18,953	1,466,400	2.2
Oakland	43,145,000	938	378,010	0	0	3	489,419	0	0	8,229,811	20,845	888,300	2.1
Eastern	64,619,100	712	286,885	0	0	2	326,279	3	1,065,206			1,678,400	2.6
Ferris	41,324,300	1,169	471,152	3	696,481	3	489,419	0	0			1,657,100	4.0
Grand Valley	52,677,400	1,300	524,073	3	696,481	3	489,419	2	710,137			2,420,100	4.6
Saginaw Valley	23,561,500	408	164,308	3	696,481	0	0	3	1,065,206			1,926,000	8.2
UM-Dearborn	21,016,300	399	160,881	1	232,160	3	489,419	0	0			882,500	4.2
UM-Flint	17,762,400	385	155,236	3	696,481	3	489,419	0	0			1,341,100	7.6
Northern	38,367,400	483	194,600	1	232,160	3	489,419	3	1,065,206			1,981,400	5.2
Lake Superior	10,789,500	194	78,046	0	0	1	163,140	0	0			241,200	2.2
TOTAL	\$1,207,234,700	14,970	\$6,036,167	26	\$6,036,167	37	\$6,036,167	17	\$6,036,167	1,191,581,011	\$3,018,083	\$27,162,800	2.25

Critical Skills Areas

- Accounting
- Agriculture, Ag Operations, and Related Sciences
- Architecture
- Biological and Biomedical Sciences
- Communications Technologies/Techs & Supp Services
- Computer and Information Sciences & Support Services
- Construction Trades
- Engineering
- Engineering Technologies & Engineer-Related Fields
- Health Professions and Related Sciences
- Mathematics and Statistics
- Mechanic and Repair Technologies/Technicians
- Multi/Interdisciplinary Studies (Biological/Physical Sciences, Math/Computer Science)
- Natural Resources and Conservation
- Physical Sciences
- Precision Production
- Science Technologies/Technicians
- Transportation and Materials Moving

Scoring

- 3 = Improvement over 3 years
 - 2 = Top 20% nationally
 - 1 = Above national median
- *To include associate's degrees and undergraduate certificates

****Remainder for Tuition Restraint:** \$9,054,200

Total Funding Increase: \$36,217,000

**Universities holding resident undergraduate tuition/fee increases below 4.0% receive additional funds, proportional to tenths of a percent below limit. Mandatory health insurance charges to be defined as part of tuition/fee rate.