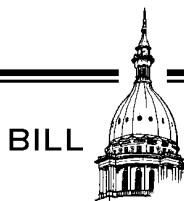




Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 955 (S-1 as passed by the Senate)

Committee: Appropriations

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

- | | |
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| 1. Performance Funding. Governor recommended a 3.0% increase allocated by four new funding formulas based on the three-year average growth of undergraduate degree completions, three-year average degree completions in critical skills areas (science, technology, engineering, mathematics, and health fields), three-year average number of undergraduate students receiving Pell Grants, and tuition restraint. The Senate maintained \$9,054,300 tuition restraint recommendation, but changed the remaining distribution based on an \$18,108,400 allocation proportional to current appropriations and \$9,054,300 allocated pursuant to how universities perform relative to their Carnegie classifications for eight metrics. <u>Table 1</u> provides a listing of amounts by university. | 36,217,000 |
| 2. MSU Facility for Rare Isotopes (FRIB). The FY 2011-12 budget included a one-time appropriation of \$1.2 million. Governor and Senate included funding for this facility in ongoing appropriations for FY 2012-13. The total project cost is estimated at \$614.5 million (\$520.0 million Federal funds and a community cost share of \$94.5 million). | 2,339,900 |
| 3. Michigan Public School Employees Retirement System (MPERS) Retiree Health Costs. Governor and Senate included funding to offset the increase in MPERS retirement contributions attributable to the 0.25% increase in costs related to retiree health care. <u>Table 2</u> provides an estimate of distributions based on January through December 2011 MPERS retiree health care premiums. | 446,200 |
| 4. State Competitive Scholarships. Governor increased funding for this program from \$18,361,700 to \$20,361,700. The program is funded by Federal revenue. New funds were made available through reductions to Tuition Grants and the Tuition Incentive Program (TIP) (Items 5 & 6 below). Senate includes increase, but funds entire amount through reductions to TIP. | 2,000,000 |
| 5. Tuition Grants. Governor reduced this program by \$1.0 million, from \$31,664,700 to \$30,664,700. The program provides funding for financially needy undergraduate students at Michigan two-year and four-year private institutions. The Senate did not concur, retained current year funding. | 0 |
| 6. Tuition Incentive Program. Governor reduced this program by \$1.0 million, from \$43.8 million to \$42.8 million. The program provides an incentive to students to complete high school and go on to college by pledging to pay tuition and fees for 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. Treasury projections indicate there are sufficient funds to cover the entire \$2.0 million increase for competitive scholarships. | (2,000,000) |
| 7. Federal Funds. The Robert C. Byrd scholarship was eliminated by Congress. | (1,300,000) |
| 8. CMU Central Assessment Lending Library Program. Senate added funding for CMU program that provides statewide assistance for testing youth with low incidence disabilities to determine the appropriate educational resources and programs. | 50,000 |
| 9. Elimination of One-Time FY 2011-12 Appropriations. Governor eliminated \$1.9 million in 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. | (1,400,000) |
| 10. Comparison to Governor's Recommendation. The Senate is \$550,000 over the Governor's recommendation for Gross and GF/GP. | |

Total Changes	\$36,353,100
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FY 2012-13 Senate-Passed Gross Appropriation	\$1,400,531,500
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Changes from FY 2011-12 Year to Date:

1. **Second Year Appropriation.** States intent of the Legislature to provide that appropriations for the next fiscal year are anticipated to be the same as line items listed in part 1 except adjustments for changes in caseloads, Federal match rates, economic factors, and available revenue. Governor replaced with line items for FY 2013-14. Senate does not include line items for FY 2013-14 and maintains boilerplate. (Sec. 236a)
2. **Contingency Fund Appropriations.** Governor and Senate included new boilerplate appropriating up to \$6,000,000 in Federal contingency funds for grants and financial aid. (Sec. 236b)
3. **P-20 Education Longitudinal Data System.** Requires public universities to cooperate with all measures taken by the State to establish a statewide P-20 education longitudinal data system to comply with the State Fiscal Stabilization Fund provisions of the American Recovery and Reinvestment Act. Governor and Senate modified to require the development of a P-20 system and allow the Budget Director to withhold funds for noncompliance. (Sec. 244)
4. **Posting of University Expenditures.** Governor removed listing of individual employee information. Senate modified by requiring additional data and placement of information on university websites in a standard format. Senate also authorizes State Budget Director to withhold State aid for noncompliance. (Sec. 245)
5. **State Competitive Scholarship Program.** Governor and Senate reduced per-student award from \$600 to \$575 to reflect actual amounts. (Sec. 251)
6. **Tuition Grant Program.** Governor modified by changing deadline from applying before July 1, to application received by July 1, and received by March 1 for subsequent years, eliminating carry forward of unexpended funds and adding new reporting requirements for independent colleges (P-20 longitudinal and other data). Senate maintained current deadlines and carry-forward language, and eliminated new reporting requirements. (Sec. 252)
7. **Student Financial Aid Distributions.** Governor changed distribution from 50% allocations in the first quarter and second quarter to quarterly payments of 50%, 30%, 10%, and 10%. Senate did not concur with Governor. (Sec.254)
8. **MSU Agricultural Experiment and Cooperative Extension Activities.** Senate added language stating intent to provide a 3.0% increase contingent on May Consensus Revenue Estimating Conference forecast. (Sec. 263b)
9. **Tuition Restraint.** Governor revised the Tuition Restraint Program and set the FY 2012-13 limit at 4.0%. Funds subject to tuition restraint total \$9,054,300. Senate reduced limit to 3.5%.(Sec. 265)
10. **Performance Funding Criteria.** Requires universities to certify that they participate in the Michigan Transfer Network as a part of the MI Association of Collegiate Registrars and Admissions Officers Transfer Agreement in order to receive performance funding. Senate included different metrics for allocating of new funding. Senate also conditions receipt of funds on compliance with embryonic stem cell reporting requirements as provided for in Sec. 274. Governor would lapse funds forfeited by universities, Senate redistributes forfeited funds. (Sec. 265a)
11. **Academic Information-High Schools and Community Colleges.** Governor modified current-year language to require universities to work with the CEPI to design and implement a systematic approach to accomplish this task of updating institutions regarding academic status of university students. (Sec. 283 and Sec. 284)
12. **State Building Authority Rent.** Governor and Senate list amounts included in other bills. (Sec. 294a)
13. **Restored/Modified Sections.** Senate restored the following sections: Buy American/Buy Michigan intent language (Sec. 239); purchase of foreign automobiles prohibition (Sec. 239a); deprived and depressed communities (Sec. 240); U of M Douglas Lake Biological Station (Sec. 261); Ag-bioresearch/MSU Extension - updates research priorities and other adjustments (Sec. 263/263a); unfunded Indian tuition waiver costs (Sec. 268); counseling degree programs/student's religious beliefs (Sec. 273); human embryonic stem cell research report (Sec. 274); 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); campus security information (formerly Sec. 292, merged with Sec. 245); and Federal Educational Rights and Privacy Act, (Sec. 293).
14. **Deleted Sections.** Governor and Senate removed: Research university definition (Sec. 237a); minimizing the cost of textbooks (Sec. 262); university funding formula (Sec. 266); coordinate purchases (Sec. 270a); academic program accreditation (Sec. 271); rejection of transfer credits report (Sec. 272); adult co-resident health benefits - legislative intent and report (Sec. 274a); and new degree programs (Sec. 290).

Date Completed: 4-27-12

Fiscal Analyst: Bill Bowerman

Table 1: FY 2012-13 Higher Education Appropriation Bill

	Governor				Senate Passed					
	FY 2011-12 Year-To-Date Appropriation	FY 2012-13 Governor's Recommendation	Dollar Change From 2011-12	Percent Change From 2011-12	Across-Board Adjustment	Formula Adjustments	Other Changes	FY 2012-13 Senate	Dollar Change From 2011-12	Percent Change From 2011-12
Universities										
Central	\$68,108,900	\$70,680,700	\$2,571,800	3.8%	\$1,021,600	\$790,700		\$69,921,200	\$1,812,300	2.7%
Eastern	64,619,100	66,118,400	1,499,300	2.3%	969,300	589,600		66,178,000	1,558,900	2.4%
Ferris	41,324,300	43,906,600	2,582,300	6.2%	619,900	295,700		42,239,900	915,600	2.2%
Grand Valley	52,677,400	56,673,500	3,996,100	7.6%	790,200	1,010,600		54,478,200	1,800,800	3.4%
Lake Superior	10,789,500	11,036,700	247,200	2.3%	161,800	368,700		11,320,000	530,500	4.9%
Michigan State	241,120,800	244,418,600	3,297,800	1.4%	3,616,800	795,400		245,533,000	4,412,200	1.8%
Michigan Tech	40,733,600	41,536,100	802,500	2.0%	611,000	440,800		41,785,400	1,051,800	2.6%
Northern	38,367,400	39,659,700	1,292,300	3.4%	575,500	693,500		39,636,400	1,269,000	3.3%
Oakland	43,145,000	44,744,600	1,599,600	3.7%	647,200	311,300		44,103,500	958,500	2.2%
Saginaw Valley	23,561,500	24,682,500	1,121,000	4.8%	353,400	392,100		24,307,000	745,500	3.2%
UM-Ann Arbor	268,803,300	272,695,500	3,892,200	1.4%	4,032,100	817,100		273,652,500	4,849,200	1.8%
UM-Dearborn	21,016,300	21,587,800	571,500	2.7%	315,200	616,500		21,948,000	931,700	4.4%
UM-Flint	17,762,400	18,330,900	568,500	3.2%	266,400	459,500		18,488,300	725,900	4.1%
Wayne State	182,036,900	183,719,300	1,682,400	0.9%	2,730,500	763,200		185,530,600	3,493,700	1.9%
Western	93,168,300	94,606,500	1,438,200	1.5%	1,397,500	709,600		95,275,400	2,107,100	2.3%
Tuition Restraint Incentive*		9,054,300	9,054,300	---			9,054,300	9,054,300	9,054,300	---
MPERS Retiree Health Care		446,200	446,200	---			446,200	446,200	446,200	---
Ag Exp. and Coop. Exten. Activities	52,625,800	52,625,800	0	0.0%				52,625,800	0	0.0%
MSU Facility for Rare Isotope Beams**	0	2,339,900	2,339,900	---			2,339,900	2,339,900	2,339,900	---
Higher Education Database	105,000	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%
King-Chavez-Parks	2,691,500	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	50,000	---
FY 2011-12 One-time Appropriations	1,900,000	0	(1,900,000)	-100.0%			(1,400,000)	500,000	(1,400,000)	-73.7%
Total Universities	\$1,264,652,000	\$1,301,755,100	\$37,103,100	2.9%	\$18,108,400	\$9,054,300	\$10,490,400	\$1,302,305,100	\$37,653,100	3.0%
School Aid Fund	\$200,019,500	200,465,700	\$446,200	0.2%	\$0	\$0	\$446,200	200,465,700	446,200	0.2%
State GF/GP	\$1,064,632,500	\$1,101,289,400	\$36,656,900	3.4%	\$18,108,400	\$9,054,300	\$10,044,200	\$1,101,839,400	\$37,206,900	3.5%
Grants and Financial Aid										
State Competitive Scholarships	\$18,361,700	\$20,361,700	\$2,000,000	10.9%			\$2,000,000	20,361,700	2,000,000	10.9%
Tuition Grants	31,664,700	30,664,700	(1,000,000)	-3.2%			0	31,664,700	0	0.0%
Tuition Incentive Program (TIP)	43,800,000	42,800,000	(1,000,000)	-2.3%			(2,000,000)	41,800,000	(2,000,000)	-4.6%
Byrd Scholarship Program	1,300,000	0	(1,300,000)	-100.0%			(1,300,000)	0	(1,300,000)	-100.0%
Children of Veterans & Officer's Tuition	1,200,000	1,200,000	0	0.0%						
Project Gear-Up	3,200,000	3,200,000	0	0.0%						
Total Grants/Financial Aid	\$99,526,400	\$98,226,400	(\$1,300,000)	-1.3%			(1,300,000)	98,226,400	(1,300,000)	-1.3%
Federal Higher Ed Act	4,500,000	3,200,000	(1,300,000)	-28.9%			(1,300,000)	3,200,000	(1,300,000)	-28.9%
Federal TANF	93,826,400	93,826,400	0	---			0	93,826,400	0	0.0%
Veterans Tax Check-off	200,000	100,000	(100,000)	-50.0%			(100,000)	100,000	(100,000)	-50.0%
State GF/GP	\$1,000,000	\$1,100,000	\$100,000	10.0%			\$100,000	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%	\$18,108,400	\$9,054,300	\$9,190,400	\$1,400,531,500	\$36,353,100	2.7%
TOTAL FEDERAL	98,326,400	97,026,400	(1,300,000)	-1.3%	0	0	(1,300,000)	97,026,400	(1,300,000)	-1.3%
TOTAL STATE RESTRICTED	200,219,500	200,565,700	346,200	0.2%	0	0	346,200	200,565,700	346,200	0.2%
TOTAL STATE GF/GP	\$1,065,632,500	\$1,102,389,400	\$36,756,900	3.4%	\$18,108,400	\$9,054,300	\$10,144,200	\$1,102,939,400	\$37,306,900	3.5%

* 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.

** Previously included in One-time Appropriations at \$1,200,000.

**TABLE 2: MPSERS RETIREE HEALTH CARE PREMIUM INCREASES
ESTIMATED DISTRIBUTION**

Universities	Jan.-Dec. 2011 Retiree Health Portion of Premium	Estimated \$446,200 Distribution
Central	\$5,169,627	\$98,400
Eastern	3,115,288	59,300
Ferris.....	4,048,586	77,000
Lake Superior.....	940,140	17,900
Michigan Tech.....	2,796,885	53,200
Northern.....	2,616,826	49,800
Western	4,759,540	90,600
TOTAL.....	\$23,446,892	\$446,200

