

**Summary: As Reported by House Committee
HIGHER EDUCATION
FY 2004-05 Senate Bill 1067**



6/8/04

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	FY 2003-04 YTD (as of 2/12/04)	Revised Exec. Rec.	Senate	House Committee	Enacted	Difference: House Cmte. from FY04 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0		\$0	--
Federal	4,480,700	4,500,000	4,500,000	4,500,000		19,300	0.4
Local	0	0	0	0		0	--
Private	0	0	0	0		0	--
Restricted	89,750,000	66,750,000	90,750,000	77,915,200		(11,834,800)	(13.2)
GF/GP	1,559,432,500	1,536,714,400	1,603,335,600	1,603,334,100		43,901,600	2.8
Gross	\$1,653,663,200	\$1,607,964,400	\$1,698,585,600	\$1,685,749,300		\$32,086,100	1.9
FTEs	1.0	1.0	1.0	1.0		0.0	0.0

Overview

The Higher Education budget currently provides funding for the operations of the 15 state universities; need-based and merit-based financial aid programs for students attending state universities, community colleges, and independent colleges and universities; and support for several statewide programs—including Michigan State University's Agriculture Experiment Station and Extension Service. Funding for state university operations makes up 84 percent of the FY 2003-04 budget.

<u>Major Budget Changes from FY 2003-04 YTD Appropriations:</u>		FY 2003-04 YTD (as of 2/12/04)	House Cmte. Change
1. Operations—Tuition Restraint	Gross	\$1,390,263,500	\$43,903,000
Exec. Rec., Senate, and House Committee: Assumes all 15 universities comply with tuition restraint provisions. Appropriation for each university is increased by an amount equal to 3.0 percent of the original FY 2003-04 enacted appropriation, but—since compliant universities would receive identical increases for FY 2003-04 under language enacted in conjunction with Executive Order 2003-23 (or new section 1201)—ultimate result would be a flat appropriation. Appropriations for universities not adhering to tuition restraint provisions would be reduced by 3.0 percent of the original FY 2003-04 enacted appropriation. (See boilerplate section 436.)	Restricted	9,500,000	0
	GF/GP	\$1,380,763,500	\$43,903,000
2. Operations—Floor Funding	Gross	\$1,390,263,500	\$400
House Committee: Includes \$100 placeholders (Merit Award Trust Fund) for universities with appropriations/fiscal-year-equated student (FYES) of \$3,890 or less under Exec. Rec./Senate. These universities are Central Michigan, Grand Valley State, Oakland, and Saginaw Valley State.	Restricted	9,500,000	400
	GF/GP	\$1,380,763,500	\$0
3. Bay Mills Indian Tuition Waiver Funding	Gross	\$100,000	\$2,000
House Committee: Shifts \$100,000 pass-through payment for Indian Tuition Waivers at Bay Mills Community College from Northern Michigan's operations appropriation to Lake Superior State's operations appropriation and adds \$2,000 for administrative costs of making payment. (See new boilerplate section 461.)	GF/GP	\$100,000	\$2,000

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 2/12/04)	House Cmte. Change
4. Agriculture Experiment Station and Cooperative Extension <u>Exec. Rec.:</u> Reduces appropriations for Agriculture Experiment Station and Cooperative Extension by 3.0 percent (\$1.9 million total). <u>Senate</u> and <u>House Committee:</u> Restores funding to current-year levels.	Gross	\$61,768,100	\$0
	GF/GP	\$61,768,100	\$0
5. Midwestern Higher Education Compact <u>Senate:</u> Includes \$100 GF/GP placeholder for compact dues (full amount of annual dues is \$82,500; FY 2003-04 appropriation in that amount was vetoed). <u>House Committee:</u> Adds \$165,000 (Merit Award Trust Fund) for costs of both FY 2003-04 and FY 2004-05 dues.	Gross	\$0	\$165,000
	Restricted GF/GP	0 \$0	165,000 \$0
6. Tuition Grants <u>Exec. Rec.:</u> Eliminates funding for Tuition Grant Program—a need-based financial aid program for students attending independent universities and colleges. <u>Senate:</u> Restores funding to current-year level. <u>House Committee:</u> Concurs with Senate, with \$100 item of difference.	Gross	\$64,768,100	(\$100)
	GF/GP	\$64,768,100	(\$100)
7. Michigan Merit Award Program <u>Original Exec. Rec. and Senate:</u> Maintains funding for Merit Award Program at the FY 2003-04 level of \$67 million, based on the assumption of another one-time shift in the appropriation schedule for the awards. Following this shift, funding for Merit Awards would be appropriated on the same basis as other state financial aid programs, with funds appropriated in the same fiscal year in which they are actually paid out to universities and colleges. Beginning in FY 2005-06, an appropriation of approximately \$120 to \$130 million will be necessary to fully fund the \$2,500 awards (\$1,000 for students attending out-of-state institutions) under the current provisions of the program. <u>Revised Exec. Rec.:</u> Reduces appropriation by \$4.0 million to reflect lower estimate for program costs and by additional \$20.0 million to reflect assumed savings from proposal to pay award at end of college academic year following confirmation that student has completed year with a 2.0 grade point average. <u>House Committee:</u> Concurs with \$4.0 million technical revision; assumes lower savings amount of \$10.0 million from proposed changes to program.	Gross	\$67,000,000	(\$14,000,000)
	Restricted	67,000,000	(\$14,000,000)
8. Tuition Incentive Program (TIP) <u>Exec. Rec., Senate, and House Committee:</u> Increases appropriation for Tuition Incentive Program—a need-based financial aid program for Medicaid-eligible individuals—to reflect projected increase in costs.	Gross	\$9,250,000	\$1,000,000
	Restricted	9,250,000	\$1,000,000
9. Veterans Survivor Tuition Waiver <u>House Committee:</u> Adds \$1.0 million appropriation (Merit Award Trust Fund) for veterans survivor tuition program currently funded by Veterans Trust Fund revenue appropriated in Military and Veterans Affairs budget. Under House Bills 5865 and 5866, responsibility for program would be shifted from Veterans Trust Fund Board to Michigan Higher Education Assistance Authority.	Gross	\$0	\$1,000,000
	Restricted	0	\$1,000,000

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 2/12/04)	House Cmte. Change
10. Items of Difference	Gross	NA	(\$3,500)
<u>House Committee:</u> Includes \$100 items of difference from Senate-passed bill for all line items containing state funds and not otherwise changed, with exception of Agriculture Experiment Station and Cooperative Extension line items. (Also, see item 6 above.)	Restricted	NA	(200)
	GF/GP	NA	(\$3,300)

Major Boilerplate Changes from FY 2003-04:

Sec. 209. American Goods and Services – REVISED

Exec. Rec. adds language giving preference to goods and services manufactured or provided by Michigan businesses. Senate and House Committee concur.

Sec. 212(3). Appropriations Report – RETAINED

Requires report from fiscal agencies detailing procedures used to arrive at appropriations amounts. Exec. Rec. deletes. Senate and House Committee retain.

Sec. 212a. Resident/Nonresident Enrollment Data – NEW

Requires, in addition to all current Higher Education Institutional Data Inventory (HEIDI) reporting requirements, reporting by universities of headcount and FYES data based on uniform definition of "resident student." House Committee adds this section.

Sec. 302. Tuition Grant Program – RETAINED

Provides for distribution of Tuition Grant Program funding. Exec. Rec. deletes. Senate and House Committee retain.

Sec. 308. Payment Schedule – RETAINED/REVISED

Exec. Rec. revises the quarterly payment schedule for state financial aid and grant programs to 25%/25%/25%/25%. Senate and House Committee retain current 40%/40%/10%/10%, 50%/25%/25%/0%, and 50%/50%/0%/0% schedules, except House Committee moves Dental Clinics Grant from 50%/50%/0%/0% schedule to 25%/25%/25%/25% schedule.

Sec. 310. Tuition Incentive Program (TIP) – REVISED

Exec. Rec. removes prohibition against use of Tuition Incentive Program payments for theology or divinity courses. Senate and House Committee concur. House Committee adds 2.0 grade point average requirement, with one-year delay in requirement for students receiving TIP awards prior to FY 2004-05.

Sec. 401. Joseph F. Young Psychiatric Research – REVISED

Exec. Rec. reduces earmark from Wayne State University appropriation for Joseph F. Young, Sr. Psychiatric Research and Training Program by 8.0%. Senate and House Committee reduce earmark by 2.0%.

Sec. 402. Douglas Lake Biological Station – RETAINED

Designates the University of Michigan Douglas Lake Biological Station as a unique resource. Exec. Rec. deletes. Senate and House Committee retain.

Sec. 408. Undergraduate Instruction – DELETED

States legislative recognition that undergraduate instruction is the first and foremost obligation of public universities. Exec. Rec. deletes. Senate and House Committee concur.

Sec. 418. Law School Collaborative Efforts – DELETED

Prohibits use of state funds to undertake a collaborative effort with another university that would increase the enrollment of law students. Exec. Rec. deletes. Senate and House Committee concur.

Sec. 426. Private Bookstores – RETAINED

States legislative intent regarding access to required textbook lists by private bookstores. Exec. Rec. deletes. Senate and House Committee retain.

Sec. 433. Project GREEN – RETAINED

Exec. Rec. reduces earmarks for Project GREEN by 3.0 percent in conjunction with reducing the Agriculture Experiment Station and Cooperative Extension appropriations. Senate and House Committee retain current-year levels.

Sec. 434. Economic Development – DELETED

Requires quarterly reports on meetings between Presidents Council and Michigan Economic Development Corporation. Exec. Rec. deletes. Senate and House Committee concur.

Major Boilerplate Changes from FY 2003-04:

Sec. 436. Tuition Restraint – REVISED

Exec. Rec. revises existing language to provide that a portion of each university's appropriation equal to 6.0 percent of its original FY 2003-04 enacted appropriation only be paid if the university certifies by June 30, 2004 that it did not adopt an increase in its 2003-04 resident undergraduate tuition and fee rates after December 1, 2003 and that it will not adopt an increase in its 2004-05 resident undergraduate tuition and fee rate exceeding the projected increase in the Detroit Consumer Price Index (CPI) for 2005 from the January 2004 Revenue Estimating Conference (2.3 or 2.4 percent). Also includes a clause allowing universities that have already implemented a 2003-04 tuition increase (adopted after December 1, 2003) to rebate that increase and remain eligible for the appropriation increase. Senate concurs but provides that the House and Senate Fiscal Agencies be involved in establishing reporting requirements and states that the appropriations for compliant universities will not be reduced in FY 2004-05. House Committee concurs with Senate, with the following changes: (1) sets tuition increase limit at 3.0% or \$250, rather than the projected Detroit CPI, (2) adds language allowing a university to retain a 2003-04 tuition and fee increase adopted after December 1, 2003 under certain circumstances, (3) defines "tuition and fee rate" more specifically to allow for the highest authorized FY 2003-04 rate as the base rate, and (4) provides that tuition restraint funds appropriated for noncompliant universities be reappropriated to compliant universities on an equal per-university basis.

Sec. 437. Retirement System Stabilization Subaccount – RETAINED/REVISED

States legislative intent that the Michigan Public School Employee Retirement System stabilization subaccount be used to reduce the contribution rate for the seven universities with employees in the system. Exec. Rec. deletes. Senate retains and specifies a subsidy of \$4.9 million. House Committee concurs with Senate.

Sec. 439. Dormitory Smoking Policies – DELETED

Requires any universities that allow smoking in dormitories to report the reasons for that policy. Exec. Rec. deletes. Senate and House Committee concur.

Sec. 440. Tuition Data – NEW

Adds section requiring tuition and fee data to be submitted to HEIDI database by August 31, 2004. Exec. Rec. adds this section. Senate and House Committee concur.

Sec. 450. Floor Funding – NEW

States legislative intent for a per-student funding floor of \$3,800 based on FY 2002-03 fiscal year-equated students. Specifies that these funds would be appropriated from the unreserved GF/GP balance at the close of FY 2003-04. Senate adds this section. House Committee concurs but increases floor funding amount to \$4,000.

Sec. 460. Student and Presidential Housing – NEW/DELETED

Requires a report from each university on the condition of and costs associated with both student housing facilities and any housing facilities provided for the university's president or chancellor. Senate adds this section. House Committee does not include section.

Sec. 461. Bay Mills Indian Tuition Waiver Funding – NEW

Requires \$100,000 payment from Lake Superior State's operations appropriation to Bay Mills Community College for costs of Indian Tuition Waiver Program. House Committee adds this section.

Sec. 701. "Distance Learning Instruction" Definition – REVISED

Exec. Rec. adds definition of term "distance learning instruction" for purposes of excluding student credit hours generated through distance learning, under certain circumstances, from those reported to HEIDI database. Senate concurs. House Committee concurs but makes adjustment to include credit hours from field programs in HEIDI data.

Sec. 701a. New Degree Programs – RETAINED/REVISED

Lists new degree programs established by universities. Exec. Rec. deletes. Senate concurs. House Committee includes new list forwarded by Presidents Council.

Sec. 710. Report on Financial Aid – DELETED

Requires state universities to report certain financial aid data. Exec. Rec. deletes. Senate and House Committee concur.

Sec. 711. Underutilized Degree Program Study – NEW/DELETED

Requires a study to determine the extent of underutilized degree programs offered by universities. Universities would be required to document the rationale for maintaining any degree programs not producing a specified number of degrees per year (bachelor's: 25, master's: 15, doctor's: 5). Exec. Rec. adds this section. Senate does not include it. House Committee concurs with Exec. Rec.

Major Boilerplate Changes from FY 2003-04:

Sec. 1201. FY 2003-04 Tuition Restraint – NEW

Provides that an amount equal to 3.0 percent of each college's original FY 2003-04 enacted appropriation be paid only if the university certifies by June 30, 2004 that it will comply with the same tuition restraint provisions specified for FY 2004-05 in section 436. (Enacting section 1 would repeal section 452 of 2003 PA 237, which currently governs FY 2003-04 tuition restraint.) Senate adds this section and associated enacting section. House Committee concurs with Senate, with the same changes as for section 436 and additional language stating legislative intent that, if the Northville Psychiatric Hospital property is not sold by October 1, 2004 and the funds appropriated in this section are not paid until FY 2004-05, the funds will be paid in full by October 15, 2004.

Sec. 1302. Notification of Scholarship Applicants – RETAINED

States legislative intent that applicants for State Competitive Scholarships and Tuition Grants be notified by July 31 of the status of their awards. Exec. Rec. deletes. Senate retains and moves deadline to June 30. House Committee concurs with Senate but retains July 31 deadline. (FY 2002-03 language in FY 2003-04 budget bill; FY 2003-04 language in FY 2004-05 budget bill.)

HIGHER EDUCATION

FY 2004-05: As Reported by House Committee



(1)
FY 2003-04
Year-to-Date
with 3.0%
Restoration

STATE UNIVERSITIES

	(2) FY 2004-05 Revised Exec. Rec.	(3) FY 2004-05 Senate	(4) \$ Amount	(5) FY 2004-05 House Committee \$ Change from YTD w/ Restoration	(6) % Change from YTD w/ Restoration	(7) \$ Change from Exec. Rec.	(8) \$ Change from Senate	(9) FY 2004-05 Exec. Rec./ Senate ** \$ per FYES ** \$ per FYES	(10) FY 2004-05 House Committee ** \$ per FYES ** \$ per FYES
Central Michigan	\$79,910,900	\$79,910,900	\$79,910,900	\$0	0.0	\$0	\$0	\$3,750	\$3,750
Eastern Michigan	77,295,800	77,295,800	77,295,800	(200)	(0.0)	(200)	(200)	3,947	3,947
Ferris State	48,968,800	48,968,800	48,968,800	(200)	(0.0)	(200)	(200)	4,977	4,977
Grand Valley State	57,904,100	57,904,100	57,904,100	0	0.0	0	0	3,296	3,296
Lake Superior State	12,585,000	12,585,000	12,585,000	101,900	0.8	101,900	101,900	4,340	4,375
Michigan State	287,516,000	287,516,000	287,516,000	(200)	(0.0)	(200)	(200)	6,914	6,914
Michigan Tech	48,723,000	48,723,000	48,723,000	(200)	(0.0)	(200)	(200)	8,110	8,110
Northern Michigan	45,875,200	45,875,200	45,875,200	(100,100)	(0.2)	(100,100)	(100,100)	5,688	5,688
Oakland	48,106,100	48,106,100	48,106,100	0	0.0	0	0	3,681	3,681
Saginaw Valley State	26,140,200	26,140,200	26,140,200	0	0.0	0	0	3,666	3,666
UM - Ann Arbor	320,662,000	320,662,000	320,662,000	(200)	(0.0)	(200)	(200)	8,296	8,296
UM - Dearborn	24,690,000	24,690,000	24,690,000	(200)	(0.0)	(200)	(200)	3,897	3,897
UM - Flint	21,228,000	21,228,000	21,228,000	(200)	(0.0)	(200)	(200)	4,230	4,229
Wayne State	223,714,300	223,714,300	223,714,300	(200)	(0.0)	(200)	(200)	9,438	9,438
Western Michigan	110,847,100	110,847,100	110,847,100	(200)	(0.0)	(200)	(200)	4,354	4,354
Subtotal - State Universities	\$1,434,166,500	\$1,434,166,500	\$1,434,166,500	\$0	0.0	\$0	\$0	\$5,825	\$5,825
Merit Award Trust Fund	9,500,000	9,500,000	9,500,000	400	0.0	400	400		
State GF/GP	\$1,424,666,500	\$1,424,666,500	\$1,424,666,500	(\$400)	(0.0)	(\$400)	(\$400)		

STATEWIDE PROGRAMS

Agriculture Experiment Station	\$33,163,800	\$33,163,800	\$33,163,800	\$0	0.0	\$994,900	\$0		
Cooperative Extension Service	28,604,300	28,604,300	28,604,300	0	0.0	858,100	0		
Higher Education Database	200,000	200,000	199,900	(100)	(0.1)	(100)	(100)		
Midwest Higher Ed. Compact	0	100	165,000	165,000	--	165,000	164,900		
King-Chavez-Parks	2,691,500	2,691,500	2,691,200	(300)	(0.0)	(300)	(300)		
Subtotal - Statewide Programs	\$64,659,600	\$64,659,700	\$64,824,200	\$164,600	0.3	\$2,017,600	\$164,500		
Merit Award Trust Fund	\$0	\$0	\$165,000	165,000	--	165,000	165,000		
State GF/GP	\$64,659,600	\$64,659,700	\$64,659,200	(\$400)	(0.0)	\$1,852,600	(\$500)		

GRANTS & FINANCIAL AID

State Competitive Scholarships	\$35,611,200	\$35,630,500	\$35,630,400	\$19,200	0.1	(\$100)	(\$100)		
Tuition Grants	64,768,100	64,768,100	64,768,000	(100)	(0.0)	64,768,000	(100)		
Michigan Work Study	7,326,300	7,326,300	7,326,200	(100)	(0.0)	(100)	(100)		
Part-Time Indep. Student Prog.	2,653,300	2,653,300	2,653,200	(100)	(0.0)	(100)	(100)		
Dental Clinics Grant	4,547,000	4,547,000	4,546,900	(100)	(0.0)	(100)	(100)		
Michigan Ed. Opportunity Grants	2,084,200	2,084,200	2,084,100	(100)	(0.0)	(100)	(100)		
Byrd Scholarship Program	1,500,000	1,500,000	1,500,000	0	0.0	0	0		
Nursing Scholarship Program	4,000,000	4,000,000	3,999,900	(100)	(0.0)	(100)	(100)		
Michigan Merit Award Program	67,000,000	67,000,000	53,000,000	(14,000,000)	(20.9)	10,000,000	(14,000,000)		
Tuition Incentive Program	9,250,000	10,250,000	10,249,900	999,900	10.8	(100)	(100)		
Veterans Survivor Tuition Waiver	0	0	1,000,000	1,000,000	--	1,000,000	1,000,000		
Subtotal - Grants/Financial Aid	\$198,740,100	\$199,759,400	\$186,758,600	(\$11,981,500)	(6.0)	\$75,767,300	\$13,000,800		
Federal	4,480,700	4,500,000	4,500,000	19,300	0.4	0	0		
Merit Award Trust Fund	80,250,000	57,250,000	68,249,800	(12,000,200)	(15.0)	10,999,800	(13,000,200)		
State GF/GP	\$114,009,400	\$49,241,300	\$114,008,800	(\$600)	(0.0)	\$64,767,500	(\$600)		
TOTAL - HIGHER ED	\$1,697,566,200	\$1,607,964,400	\$1,685,749,300	(\$11,816,900)	(0.7)	\$77,784,900	\$12,836,300		
TOTAL - FEDERAL	4,480,700	4,500,000	4,500,000	19,300	0.4	0	0		
TOTAL - MERIT TRUST FUND	89,750,000	66,750,000	77,915,200	(11,834,800)	(13.2)	11,165,200	(12,834,800)		
TOTAL - GF/GP	\$1,603,335,500	\$1,536,714,400	\$1,603,334,100	(\$67,685,500)	(4.2)	\$66,619,700	(\$1,500)		

Note: All columns assume all 15 universities comply with tuition restraint provisions

*\$0 change from Senate is net result of +\$100 Merit in operations line for floor funding and -\$100 GF/GP in tuition restraint line

**FYES = Fiscal year 2002-03 fiscal year-equated students