

HIGHER EDUCATION: FY 2010-11

Summary: Conference Report

Senate Bill 1157 (H-3) CR-1



Analyst: Kyle I. Jen

IDG/IDT	FY 2009-10 YTD as of 2/11/10	FY 2010-11 Executive	FY 2010-11 Senate	FY 2010-11 House	FY 2010-11 Conference	Difference: Conference From FY 2009-10 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal							
ARRA	68,238,000	0	0	0	0	(68,238,000)	(100.0)
Non-ARRA	5,900,000	4,500,000	11,800,000	4,500,000	4,500,000	(1,400,000)	(23.7)
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	30,400,100	30,400,000	30,400,000	30,400,000	30,400,000	(100)	(0.0)
GF/GP	1,507,705,200	1,543,378,500	1,527,238,500	1,590,734,800	1,543,378,500	35,673,300	2.4
Gross	1,612,243,300	1,578,278,500	1,569,438,500	1,625,634,800	1,578,278,500	(\$33,964,800)	(2.1)
FTEs	1.0	1.0	1.0	1.0	1.0	0.0	0.0

Notes: (1) FY 2009-10 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 11, 2010. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act.

Overview

The Higher Education budget contains funding for operational support of the state's 15 public universities, various financial aid programs for students attending public and independent colleges and universities in the state, and several other higher education-related programs. Appropriations for the 15 public universities are separated into two separate subparts: Research Universities (Michigan State, UM-Ann Arbor, and Wayne State) and State Universities (remaining 12 universities).

Major Budget Changes From FY 2009-10 YTD Appropriations

1. University Operations

Executive replaces \$40.5 million in funding available for FY 2009-10 only from the State Fiscal Stabilization Fund (SFSF) under the American Recovery and Reinvestment Act (ARRA) with an equal amount of GF/GP funding, holding each university's Gross appropriation flat from FY 2009-10. Senate concurs with baseline adjustment but applies 3.1% reduction to each of the 15 university operations line items for a total Gross reduction of \$45.8 million. House concurs with Executive. Conference concurs with baseline adjustment to replace ARRA funding but applies 2.8% reduction to each of the 15 university operations line items for a total Gross reduction of \$40.8 million

	FY 2009-10 Year-to-Date (as of 2/11/10)	Conference Change From YTD
Gross	\$1,461,182,600	(\$40,837,700)
ARRA	40,483,100	(40,483,100)
GF/GP	\$1,420,699,500	(\$354,600)

2. Agricultural Experiment Station

Executive replaces \$16.1 million in funding available for FY 2009-10 only from the SFSF under ARRA with an equal amount of GF/GP funding, holding Gross appropriation flat from FY 2009-10. Senate concurs with baseline adjustment but applies 3.1% reduction (\$1.1 million) to line item from Gross FY 2009-10 level. House concurs with Executive. Conference concurs with baseline adjustment to replace ARRA funding but applies 2.8% reduction (\$955,800) to line item from Gross FY 2009-10 level.

Gross	\$34,198,900	(\$955,800)
ARRA	16,082,900	(16,082,900)
GF/GP	\$18,116,000	\$15,127,100

Major Budget Changes From FY 2009-10 YTD Appropriations		FY 2009-10 Year-to-Date (as of 2/11/10)	Conference Change From YTD
3. Cooperative Extension Service	Gross	\$29,497,000	(\$824,400)
<u>Executive</u> replaces \$11.7 million in funding available for FY 2009-10 only from the SFSF under ARRA with an equal amount of GF/GP funding, holding Gross appropriation flat from FY 2009-10. <u>Senate</u> concurs with baseline adjustment but applies 3.1% reduction (\$924,800) to line item from Gross FY 2009-10 level. <u>House</u> concurs with <u>Executive</u> . <u>Conference</u> concurs with baseline adjustment to replace ARRA funding but applies 2.8% reduction (\$824,400) to line item from Gross FY 2009-10 level.	ARRA	11,672,000	(11,672,000)
	GF/GP	\$17,825,000	\$10,847,600
4. State Competitive Scholarship Program	Gross	\$17,608,500	\$2,253,200
<u>Executive</u> removes \$1.4 million in federal funds no longer available for the program, which provides scholarships to students with both qualifying ACT scores and demonstrated financial need, due to overall reductions in need-based state financial aid funding. <u>Senate</u> concurs. <u>House</u> concurs with removal of federal funds and adds \$8.4 million GF/GP. <u>Conference</u> concurs with removal of federal funds and adds \$3.7 million GF/GP, equalizing net reduction to line item since FY 2008-09 with Tuition Grant reduction of 44.1%; total funding of \$19.9 million.	Federal	2,900,000	(1,400,000)
	GF/GP	\$14,708,500	\$3,653,200
5. Tuition Grant Program	Gross	\$31,664,700	\$0
<u>Executive</u> eliminates \$31.7 million GF/GP appropriation for Tuition Grant Program, a need-based program for students attending independent colleges and universities. <u>Senate</u> maintains funding at current-year level. <u>House</u> maintains current-year funding (with \$100 point of difference). <u>Conference</u> concurs with flat funding under Senate/House-passed bills.	GF/GP	\$31,664,700	\$0
6. Merit Award Program	Gross	\$100	(\$100)
<u>Executive</u> removes \$100 placeholder included in FY 2009-10 budget for any remaining costs of program, which ended with students graduating from high school in 2006. <u>Senate</u> , <u>House</u> , and <u>Conference</u> concur.	Restricted	100	(100)
7. Tuition Incentive Program	Gross	\$31,200,000	\$6,200,000
<u>Executive</u> assumes projected cost increase of \$6.2 million due to continued increase in number of Medicaid-eligible students graduating from high school and enrolling in associate's degree programs. Proposed policy changes affecting students enrolled at four-year institutions would save an estimated \$7.3 million. Proposed net reduction in program funding is \$1.1 million; remaining \$30.1 million funded from Merit Award Trust Fund. <u>Senate</u> includes \$7.3 million in assumed Temporary Assistance to Needy Families (TANF) funding above <u>Executive</u> funding level to fund projected program costs under current provisions. <u>House</u> includes \$7.3 million GF/GP to fund projected costs under current provisions. <u>Conference</u> concurs with <u>House</u> , fully funding projected costs with \$7.3 million GF/GP.	Restricted	30,100,000	0
	GF/GP	\$1,100,000	\$6,200,000
8. Children of Veterans and Officer's Survivor Tuition Program	Gross	\$1,000,000	\$200,000
<u>Executive</u> includes increase of \$200,000 GF/GP for (1) transfer of Officer's Survivor Tuition Program funding from State Police budget (\$48,500 in FY 2009-10) and (2) anticipated increase in costs for Children of Veterans Tuition Grant Program. A portion of this line item (\$300,000) is funded from income tax check-off contributions. <u>Senate</u> , <u>House</u> , and <u>Conference</u> concur.	Restricted	300,000	0
	GF/GP	\$700,000	\$200,000
9. Other Higher Education Programs	Gross	\$5,891,500	\$0
Appropriations for remaining programs in the Higher Education budget are all maintained at current FY 2009-10 levels by <u>Executive</u> , <u>Senate</u> , and <u>House</u> , and <u>Conference</u> : King-Chavez-Parks grant programs, Higher Education Database (HEIDI), Midwestern Higher Education Compact dues, Robert C. Byrd Honors Scholarship Program, and Project GEAR UP.	Federal	3,000,000	0
	GF/GP	\$2,891,500	\$0

Major Boilerplate Changes From FY 2009-10

Sec. 211. Deprived and Depressed Communities – NEW

Directs universities to ensure that businesses in deprived and depressed communities compete for and perform contracts. Executive adds new section; Senate does not include; House and Conference include.

Sec. 212. Payments to Universities – RETAINED

Provides for 11 monthly payments to universities. Executive revisions: (1) Allows, rather than requires, withholding of payment if university fails to submit HEIDI data. (2) Eliminates requirement of fiscal agency report on appropriation procedures. Senate, House, and Conference retain current language.

Sec. 214. Tuition Tax Credit – RETAINED

Requires universities to submit Tuition Tax Credit notification to fiscal agencies. Executive deletes; Senate, House, and Conference retain.

Sec. 217. Conflicts of Interest – DELETED

States intent that university governing boards examine university operations for potential conflicts of interest. Executive deletes; Senate, House, and Conference concur.

Sec. 218. Posting of Expenditures – NEW

States intent that universities maintain a publicly-accessible website containing all expenditures made within a fiscal year, along with the purpose of each expenditure; prohibits university from expending more than \$100 to implement the website. House adds new section; Conference concurs.

Sec. 301. State Competitive Scholarships – MODIFIED

Provides for distribution of funds appropriated for State Competitive Scholarships. House modifies language to specify maximum award level of \$800, with a report required if the maximum award amount cannot be established at that level. Conference concurs with House language, but specifies a maximum award of \$1,300 (FY 2008-09 level) for reporting purposes. (HFA estimate of actual maximum award under conference report is \$600-\$650.)

Sec. 302. Tuition Grants – RETAINED

Provides for distribution of funds appropriated for Tuition Grants. Executive deletes (along with funding). Senate retains, with existing requirement for report if maximum award amount of \$2,100 (FY 2008-09 level) cannot be established. House retains and modifies to specify maximum award level of \$1,610 (current-year level). Conference concurs with Senate, retaining current-year language specifying \$2,100 maximum award for reporting purposes. (HFA estimate of actual maximum award is \$1,550-\$1,600.)

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

Provides for TIP eligibility/awards. Executive revisions would (1) limit reimbursed costs for associate's degree students at public universities to average community college in-district tuition rate and (2) eliminate second phase of program (up to \$2,000 toward bachelor's degree). Adds prohibition on eligibility for incarcerated individuals. Senate, House, and Conference do not include proposed reimbursement limit or elimination of second phase but do include prohibition for incarcerated individuals.

Sec. 316. Financial Aid Workgroup – DELETED

States intent for workgroup to examine and make recommendations regarding state financial aid programs. Executive deletes; Senate concurs; House retains; Conference deletes.

Sec. 317. Intent Regarding Tuition Grants – DELETED

States intent that, if economy improves and state revenues increase, funding of Tuition Grants is one of foremost priorities in Higher Education budget. Executive deletes; Senate retains; House and Conference delete.

Sec. 318. Intent Regarding Promise Grants – DELETED

States intent that, if economy improves and state revenues increase, funding of Promise Grants is one of foremost priorities in Higher Education budget. Executive deletes; Senate concurs. House retains but refers to "a broad-based postsecondary financial aid grant or scholarship program to assist and invest in Michigan students." Conference deletes.

Sec. 319. Intent Regarding Financial Aid Programs – DELETED

States intent that, if economy improves and state revenues increase, funding of Competitive Scholarship, Nursing Scholarship, Work Study, Part-Time Independent Student, and Michigan Education Opportunity Grant Programs are among foremost priorities in Higher Education budget. Executive deletes; Senate retains but includes intent regarding only Competitive Scholarships; House and Conference delete.

Sec. 402. Douglas Lake Biological Station – RETAINED

Designates University of Michigan Douglas Lake Biological Station as a unique resource. Executive deletes; Senate, House, and Conference retain.

Major Boilerplate Changes From FY 2009-10

Sec. 426. Private Bookstores – MODIFIED

States intent regarding private bookstore access to required textbook lists and university-administered financial accounts; states intent regarding university review process for textbook requirements. Executive deletes. Senate replaces with new language stating intent that each university develop policies for minimizing the costs of textbooks and course materials and submit a report on those policies. House and Conference concur with Senate.

Sec. 433. Project GREEN – MODIFIED

Allocates funds from Agricultural Experiment and Cooperative Extension line items for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs). Executive deletes subsection stating intent for additional funding for bioeconomy research. Senate, House, and Conference concur.

Sec. 434. Future Farmers of America – RETAINED

Requires Michigan State University to allocate \$80,000 from its appropriation to the Future Farmers of America Association. Executive deletes; Senate, House, and Conference retain.

Sec. 436. Tuition Increases – MODIFIED

Requires that funds appropriated from SFSF of ARRA be used to mitigate tuition/fee increases or modernize/renovate/repair facilities, consistent with ARRA provisions. Executive deletes; Senate concurs. (ARRA funds for Higher Education available in FY 2009-10 only.) House replaces with language (1) stating intent for universities to increase general fund financial aid expenditures by at the least the same percentage as resident undergraduate tuition/fees (consistent with language included prior to FY 2009-10), with an emphasis on need-based awards and (2) requiring a report on increases in those amounts, as well as other key financial indicators. Conference concurs with House language.

Sec. 450. Per-Student Funding Floor – RETAINED

States intent to allocate funds for per-student funding floor of \$3,775 from GF/GP balance at fiscal year-end. Executive deletes; Senate retains; House deletes; Conference retains.

Sec. 451. Indian Tuition Waiver Costs – RETAINED

States intent to allocate funds for unfunded Indian Tuition Waiver costs from GF/GP balance at fiscal year-end. Executive deletes; Senate concurs; House and Conference retain.

Sec. 463. Students from Macomb County – RETAINED

Requires universities to report regarding outreach efforts to enroll students from Macomb County. Executive deletes; Senate concurs; House and Conference retain.

Sec. 471. Timely Graduation – DELETED

States intent that universities limit changes to general graduation requirements during a student's enrollment and provide counseling to facilitate timely graduation. Executive deletes; Senate, House, and Conference concur.

Sec. 480. Veterans Policies – RETAINED

States intent for universities to participate in the Yellow Ribbon GI Education Enhancement Program and implement other veterans-related policies. Executive deletes reporting requirement; Senate, House, and Conference retain requirement.

Sec. 481. Urban Centers – NEW

States intent to consider an appropriation for grants to universities for purpose of hiring a consultant if a university is exploring the possibility of creating an urban center or core in its community. House adds new section; Conference concurs.

Sec. 482. Competitive Bidding – NOT INCLUDED

States intent that each university submit a report on the university's use of competitive bid processes for procurement of services, including custodial and food services. Senate adds new section. House and Conference do not include.

Sec. 484. Embryonic Stem Cells – NOT INCLUDED

States intent that each university conducting research using human embryonic stem cells derived from donated human embryos submit a report to the Department of Community Health regarding that research. Senate adds new section. House and Conference do not include.

Sec. 486. Student Religious Beliefs – NOT INCLUDED

States intent that universities report on efforts to accommodate the sincerely-held religious beliefs of students enrolled in counseling degree programs. Senate adds new section. House and Conference do not include.

Sec. 701a. New Degree Programs – MODIFIED

Lists new degree programs established by state universities for which credit hours may be reported to state HEIDI database. Executive deletes; Senate concurs. House inserts new program list subsequently received from Presidents Council; Conference concurs.

FY 2010-11 Higher Education Budget

Conference Report: SB 1157 (H-3) CR-1

	(1) FY 2009-10 Year-to-Date as of 2/11/10	(2) Replace ARRA Funds with GF/GP	(3) 2.8% Across- the-Board Reduction	(4) Financial Aid Changes	(5) FY 2010-11 Conference Report	(6) Change from FY 2009-10 \$ Amount	(7) Percent	(8) \$ Change from Exec Rec	(9) \$ Change from Senate	(10) \$ Change from House
Research Universities										
Michigan State	\$291,841,700	\$0	(\$8,156,500)		\$283,685,200	(\$8,156,500)	(2.8)	(\$8,156,500)	\$992,700	(\$8,156,500)
UM - Ann Arbor	325,347,400	0	(9,092,900)		316,254,500	(9,092,900)	(2.8)	(9,092,900)	1,106,700	(9,092,900)
Wayne State	220,329,200	0	(6,157,800)		214,171,400	(6,157,800)	(2.8)	(6,157,800)	749,500	(6,157,800)
Agricultural Experiment Station	34,198,900	0	(955,800)		33,243,100	(955,800)	(2.8)	(955,800)	116,400	(955,800)
Cooperative Extension	29,497,000	0	(824,400)		28,672,600	(824,400)	(2.8)	(824,400)	100,400	(824,400)
Subtotal	\$901,214,200	\$0	(\$25,187,400)	\$0	\$876,026,800	(\$25,187,400)	(2.8)	(\$25,187,400)	\$3,065,700	(\$25,187,400)
Federal - ARRA	50,466,800	(50,466,800)			0	(50,466,800)	(100.0)	0	0	0
State GF/GP	\$850,747,400	\$50,466,800	(\$25,187,400)	\$0	\$876,026,800	\$25,279,400	3.0	(\$25,187,400)	\$3,065,700	(\$25,187,400)
State Universities										
Central Michigan	\$82,436,000	\$0	(\$2,304,000)		\$80,132,000	(\$2,304,000)	(2.8)	(\$2,304,000)	\$280,400	(\$2,304,000)
Eastern Michigan	78,212,100	0	(2,185,900)		76,026,200	(2,185,900)	(2.8)	(2,185,900)	266,000	(2,185,900)
Ferris State	50,017,100	0	(1,397,900)		48,619,200	(1,397,900)	(2.8)	(1,397,900)	170,100	(1,397,900)
Grand Valley State	63,758,300	0	(1,781,900)		61,976,400	(1,781,900)	(2.8)	(1,781,900)	216,900	(1,781,900)
Lake Superior State	13,059,200	0	(365,000)		12,694,200	(365,000)	(2.8)	(365,000)	44,400	(365,000)
Michigan Tech	49,302,100	0	(1,377,900)		47,924,200	(1,377,900)	(2.8)	(1,377,900)	167,700	(1,377,900)
Northern Michigan	46,438,200	0	(1,297,900)		45,140,300	(1,297,900)	(2.8)	(1,297,900)	157,900	(1,297,900)
Oakland	52,220,800	0	(1,459,500)		50,761,300	(1,459,500)	(2.8)	(1,459,500)	177,600	(1,459,500)
Saginaw Valley State	28,517,700	0	(797,000)		27,720,700	(797,000)	(2.8)	(797,000)	97,000	(797,000)
UM - Dearborn	25,437,100	0	(710,900)		24,726,200	(710,900)	(2.8)	(710,900)	86,500	(710,900)
UM - Flint	21,498,900	0	(600,900)		20,898,000	(600,900)	(2.8)	(600,900)	73,100	(600,900)
Western Michigan	112,766,800	0	(3,151,700)		109,615,100	(3,151,700)	(2.8)	(3,151,700)	383,500	(3,151,700)
Subtotal	\$623,664,300	\$0	(\$17,430,500)	\$0	\$606,233,800	(\$17,430,500)	(2.8)	(\$17,430,500)	\$2,121,100	(\$17,430,500)
Federal - ARRA	17,771,200	(17,771,200)			0	(17,771,200)	(100.0)	0	0	0
State GF/GP	\$605,893,100	\$17,771,200	(\$17,430,500)	\$0	\$606,233,800	\$340,700	0.1	(\$17,430,500)	\$2,121,100	(\$17,430,500)
State/Regional/Grants/Financial Aid										
Higher Education Database	\$105,000				\$105,000	\$0	0.0	\$0	\$0	\$0
Midwestern Higher Ed Compact	95,000				95,000	0	0.0	0	0	0
King-Chavez-Parks (three lines)	2,691,500				2,691,500	0	0.0	0	0	0
State Competitive Scholarships	17,608,500			2,253,200	19,861,700	2,253,200	12.8	3,653,200	3,653,200	(4,738,300)
Tuition Grants	31,664,700				31,664,700	0	0.0	31,664,700	0	(100)
Robert C. Byrd Honors Scholarship Prog	1,500,000				1,500,000	0	0.0	0	0	0
Michigan Merit Award Program	100			(100)	0	(100)	(100.0)	0	0	0
Tuition Incentive Program	31,200,000			6,200,000	37,400,000	6,200,000	19.9	7,300,000	0	0
Children of Vets & Officer's Survivor Progs	1,000,000			200,000	1,200,000	200,000	20.0	0	0	0
Project GEAR UP	1,500,000				1,500,000	0	0.0	0	0	0
Subtotal	\$87,364,800	\$0	\$0	\$8,653,100	\$96,017,900	\$8,653,100	9.9	\$42,617,900	\$3,653,200	(\$4,738,400)
Federal - Other	5,900,000			(1,400,000)	4,500,000	(1,400,000)	(23.7)	0	(7,300,000)	0
Merit Award Trust Fund	30,100,100			(100)	30,100,000	(100)	(0.0)	0	0	0
State Restricted - Other	300,000				300,000	0	0.0	0	0	0
State GF/GP	\$51,064,700	\$0	\$0	\$10,053,200	\$61,117,900	\$10,053,200	19.7	\$42,617,900	\$10,953,200	(\$4,738,400)
TOTAL - HIGHER EDUCATION	\$1,612,243,300	\$0	(\$42,617,900)	\$8,653,100	\$1,578,278,500	(\$33,964,800)	(2.1)	\$0	\$8,840,000	(\$47,356,300)
Federal	74,138,000	(68,238,000)	0	(1,400,000)	4,500,000	(69,638,000)	(93.9)	0	(7,300,000)	0
State Restricted	30,400,100	0	0	(100)	30,400,000	(100)	(0.0)	0	0	0
State GF/GP	\$1,507,705,200	\$68,238,000	(\$42,617,900)	\$10,053,200	\$1,543,378,500	\$35,673,300	2.4	\$0	\$16,140,000	(\$47,356,300)

HFA: 9/27/2010