

HIGHER EDUCATION: FY 2009-10

Summary: House Subcommittee Recommendation

House Bill 4441 (H-1) Draft 1



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	FY 2008-09 YTD as of 2/12/09	FY 2009-10 Executive	FY 2009-10 House	FY 2009-10 Senate	FY 2009-10 Enacted	Difference: House From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	7,400,000	7,400,000	56,457,700			49,057,700	662.9
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	106,100,000	166,400,100	166,400,100			60,300,100	56.8
GF/GP	1,645,605,200	1,545,605,200	1,596,577,200			(49,028,000)	(3.0)
Gross	\$1,759,105,200	\$1,719,405,300	\$1,819,435,000			\$60,329,800	3.4
FTEs	1.0	1.0	1.0			0.0	0.0

Overview

The FY 2008-09 Higher Education budget act contains four articles:

- Article 1 contains a total summary unit for the bill.
- Article 2 covers Research Universities (Michigan State, University of Michigan-Ann Arbor, Wayne State).
- Article 3 covers State Universities (the remaining 12 public universities).
- Article 4 covers State and Regional Programs, the King-Chavez-Parks Program, and Financial Aid.

The FY 2009-10 Executive Recommendation utilizes subparts, rather than articles, to group line items into each category above. The House Subcommittee concurs with the Executive Recommendation regarding this format.

Major Budget Changes From FY 2008-09 YTD Appropriations

1. University Operations

Exec Rec reduces operations appropriations to 15 state universities by 3.0% across the board; total reduction of \$43.9 million GF/GP. House Subcommittee concurs with GF/GP reductions, but replaces with funding from Education portion of State Fiscal Stabilization Fund (SFSF) under federal American Recovery and Reinvestment Act (ARRA).

	FY 2008-09 YTD (as of 2/12/09)	House Change From YTD
Gross	\$1,464,587,800	\$0
Federal	0	44,017,600
GF/GP	\$1,464,587,800	(\$44,017,600)

(Notes: (a) Total GF/GP reduction is slightly larger than under Exec Rec due to restoration of King-Chavez-Parks/Bay Mills funding. (b) For all items in the bill receiving appropriations from ARRA funding, a separate line item is included containing the ARRA funds.)

2. King-Chavez-Parks Program

Exec Rec removes total funding of \$5.3 million GF/GP for six components of King-Chavez-Parks Program, which is intended to increase participation of academically/economically-disadvantaged students in postsecondary education. Currently, \$2.6 million is built into state university base appropriation amounts for three program components, and \$2.7 million is appropriated separately for three competitive grant components. House Subcommittee retains total funding amounts for program, but replaces 3.0% of GF/GP funding for competitive grant line items with funding from General Government Services portion of SFSF under ARRA.

Gross	\$2,691,500	\$0
Federal	0	80,700
GF/GP	\$2,691,500	(\$80,700)

3. Bay Mills Tribal College Allocation

Exec Rec removes allocation of \$100,000 GF/GP to Bay Mills Tribal College for Indian Tuition Waiver Program from Lake Superior State University's appropriation. House Subcommittee retains allocation.

Gross	\$100,000	\$0
GF/GP	\$100,000	\$0

Major Budget Changes From FY 2008-09 YTD Appropriations	FY 2008-09 YTD (as of 2/12/09)	House Change From YTD
4. Saginaw Chippewa Tribal College Allocation <u>House Subcommittee</u> adds allocation to Saginaw Chippewa Tribal College for Indian Tuition Waiver Program to Central Michigan University's appropriation; amount is pro-rated based on enrollment relative to Bay Mills.	Gross NA GF/GP NA	\$29,700 \$29,700
5. Agricultural Experiment Station and Cooperative Extension Service <u>Exec Rec</u> consolidates two line items totaling \$64.0 million into a single appropriation of \$32.0 million to Michigan State University for Cooperative State Agricultural Research and Extension Service; net reduction of \$32.0 million GF/GP. <u>House Subcommittee</u> retains total current-year funding amounts in distinct line items, but replaces 3.0% of GF/GP funding for line items with funding from Education portion of SFSF under ARRA.	Gross \$63,951,700 Federal 0 GF/GP \$63,951,700	\$0 1,918,600 (\$1,918,600)
6. Need-Based Financial Aid Programs <u>Exec Rec</u> consolidates current funding of \$108.5 million for Tuition Grant, State Competitive Scholarship, Michigan Work Study, Nursing Scholarship, Part-Time Independent Student, and Michigan Education Opportunity Grant programs into single appropriation of \$89.8 million for proposed College Access Grant Program; net reduction of \$18.8 million. New program would provide annual grant awards of approximately \$1,000 to students across all postsecondary sectors based on level of student/family financial resources. <u>House Subcommittee</u> does not adopt consolidation proposal. Retains total current-year funding amounts for five need-based programs, but replaces 3.0% of GF/GP funding for programs with funding from General Government Services portion of SFSF under ARRA. (No changes to Nursing Scholarship Program, which is funded from Merit Award Trust Fund.) Funding amounts replaced for individual programs are as follows: <ul style="list-style-type: none"> • State Competitive Scholarships: \$978,900 • Tuition Grants: \$1.7 million • Michigan Work Study Program: \$219,800 • Part-Time Independent Student Program: \$79,600 • Michigan Education Opportunity Grants: \$62,500 	Gross \$104,262,400 Federal 2,900,000 GF/GP \$101,362,400	\$0 3,040,800 (\$3,040,800)
7. Promise Grant Program <u>Exec Rec</u> increases appropriation from \$80.5 million to \$140.0 million to pay costs of \$2,000/\$4,000 awards to students who became eligible for program in 2007 and have now completed two years of postsecondary education; increase of \$59.5 million (Merit Award Trust Fund). <u>House Subcommittee</u> concurs.	Gross \$80,500,000 Restricted 80,500,000	\$59,500,000 59,500,000
8. Merit Award Program <u>Exec Rec</u> reduces appropriation from \$5.2 million (Merit Award Trust Fund) to \$100 as a placeholder for any remaining costs of program, which ended with students graduating from high school in 2006. <u>House Subcommittee</u> concurs.	Gross \$5,200,000 Restricted 5,200,000	(\$5,199,900) (5,199,900)
9. Tuition Incentive Program <u>Exec Rec</u> increases appropriation by \$6.0 million (23.8%; Merit Award Trust Fund) to reflect a continued increase in the number of Medicaid-eligible students participating in the program, which primarily pays tuition costs of associate's degree programs. <u>House Subcommittee</u> concurs.	Gross \$25,200,000 Restricted 15,850,000 GF/GP \$9,350,000	\$6,000,000 6,000,000 \$0

Major Boilerplate Changes From FY 2008-09

Sec. 212. Payments to Universities – RETAINED

Provides for 11 monthly payments to universities. Exec Rec 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. House Subcommittee retains current-year provisions.

Major Boilerplate Changes From FY 2008-09

Sec. 214. Tuition Tax Credit – RETAINED

Requires universities to submit Tuition Tax Credit notification to fiscal agencies. Exec Rec deletes; House Subcommittee retains.

Sec. 216. Postsecondary Student Data System – REVISED

Requires universities to report on steps being taken toward and challenges associated with development of student-level data that could be submitted to state data system. Exec Rec deletes. House Subcommittee replaces with language requiring universities to cooperate with state measures to meet ARRA requirement to develop P-16 longitudinal data system.

Sec. 217. Conflicts of Interest – RETAINED

States intent that state university governing boards examine university operations for potential conflicts of interest. Exec Rec deletes; House Subcommittee retains.

Sec. 301. State Competitive Scholarships – REVISED

Provides for distribution of funds appropriated for Competitive Scholarships. Exec Rec deletes; House Subcommittee retains but deletes statement of intent for 1.0% funding increase..

Sec. 302. Tuition Grants – REVISED

Provides for distribution of funds appropriated for Tuition Grants. Exec Rec deletes; House Subcommittee retains but deletes statement of intent for 1.0% funding increase.

Sec. 303. Work Study – RETAINED

Provides for distribution of funds appropriated for Work Study. Exec Rec deletes; House Subcommittee retains.

Sec. 304. College Access Grants – NOT INCLUDED

Establishes requirements for proposed College Access Grant Program to be administered by Michigan Higher Education Assistance Authority (MHEAA). Exec Rec adds new section; House Subcommittee does not include.

Sec. 309. Needs Analysis Criteria – RETAINED

Requires MHEAA to determine the needs analysis criteria for students to qualify for Competitive Scholarships and Tuition Grants. Exec Rec deletes; House Subcommittee retains.

Sec. 312. Nursing Scholarship – RETAINED

Provides for distribution of funds appropriated for Nursing Scholarships. Exec Rec deletes; House Subcommittee retains.

Sec. 314. Children of Veterans Tuition Grant Report – DELETED

Requires annual report on Children of Veterans Tuition Grant Program. Exec Rec and House Subcommittee delete section. (Information included in larger report under Sec. 315 of bill.)

Sec. 316. Financial Aid Workgroup – NEW

States intent for workgroup to examine and make recommendations regarding state financial aid programs. House Subcommittee adds new section.

Sec. 402. Douglas Lake Biological Station – RETAINED

Designates University of Michigan Douglas Lake Biological Station as a unique resource. Exec Rec deletes; House Subcommittee retains.

Sec. 426. Private Bookstores – REVISED

States intent regarding access to required textbook lists by private bookstores and use of funds in university-administered accounts by students at private bookstores. Exec Rec deletes. House Subcommittee retains textbook list provisions, but deletes financial account language.

Sec. 433. Project GREEN – REVISED

Allocates funds from Agricultural Experiment and Cooperative Extension line items for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs). Exec Rec revisions: (1) Allocation is increased from \$5.6 million to \$8.0 million and new allocation of \$8.0 million is added for Animal Agriculture Initiative. (2) Reporting requirements are expanded. House Subcommittee retains current Project GREEN allocation amount and does not include allocation amount for Animal Agriculture Initiative; concurs with expanded reporting requirements.

Sec. 434. Future Farmers of America – DELETED

Requires Michigan State University to allocate \$80,000 from its appropriation to the Future Farmers of America Association. Exec Rec deletes; House Subcommittee concurs.

Major Boilerplate Changes From FY 2008-09

Sec. 436. Tuition Restraint – REVISED

States legislative intent that universities increase institutional financial aid expenditures by at least the same percentage as resident undergraduate tuition/fees. Exec Rec replaces language with stated expectation that universities receiving federal stimulus funds will not raise resident tuition/fee rates for remainder of FY 2008-09 or for FY 2009-10. House Subcommittee replaces language with requirement that funds appropriated from SFSF of ARRA be used to mitigate tuition/fee increases or modernize/renovate/repair facilities, consistent with ARRA provisions; requires report on use of funds.

Sec. 450. Per-Student Funding Floor – DELETED

States intent to allocate funds for per-student funding floor of \$3,775 from GF/GP balance at fiscal year-end. Exec Rec deletes; House Subcommittee concurs.

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. Exec Rec deletes; House Subcommittee retains.

Sec. 460. Saginaw Chippewa Tribal College Allocation – NEW

Requires \$29,700 payment from Central Michigan's appropriation to Saginaw Chippewa Tribal College for costs of Indian Tuition Waiver Program. House Subcommittee adds new section.

Sec. 461. Bay Mills Tribal College Allocation – RETAINED

Requires \$100,000 payment from Lake Superior State's appropriation to Bay Mills Tribal College for costs of Indian Tuition Waiver Program. Exec Rec deletes; House Subcommittee retains.

Sec. 462. Suicide Prevention – DELETED

States intent that universities develop an education program on preventing suicide and violence. Exec Rec deletes; House Subcommittee concurs.

Sec. 463. Students from Macomb County – RETAINED

Requires universities to report regarding outreach efforts to enroll students from Macomb County. Exec Rec deletes; House Subcommittee retains.

Sec. 464. Research Commercialization – REVISED

Requires universities to submit plan regarding research commercialization. Exec Rec removes prohibition on universities receiving allocation from Technology Commercialization Incentive Fund if plan is not submitted. House concurs.

Sec. 467. Performance Standards – DELETED

States intent for Legislature to establish university performance standards. Exec Rec deletes; House Subcommittee concurs.

Sec. 471. Timely Graduation – RETAINED

States intent that universities limit changes to general graduation requirements during a student's enrollment and provide counseling to facilitate timely graduation. Exec Rec deletes; House Subcommittee retains.

Sec. 472. Payment Delay/Tuition Rates – DELETED

States intent that any university that increased its tuition rate based on the assumption it would not receive the delayed August 2007 payment rebate the tuition increase to its students. Exec Rec deletes; House Subcommittee concurs.

Secs. 501-507. King-Chavez-Parks Program – RETAINED

Provides for expenditure/distribution of funds under six components of King-Chavez-Parks Program. Exec Rec deletes; House Subcommittee retains.

Sec. 701a. New Degree Programs – DELETED

Lists new degree programs established by state universities for which credit hours may be reported to HEIDI. Exec Rec deletes; House Subcommittee concurs. (New list pending from Presidents Council.)

Sec. 715. Nursing Education – DELETED

Requires report from Department of Labor and Economic Growth on the status of nursing education in Michigan. Exec Rec deletes; House Subcommittee concurs.

FY 2009-10 Higher Education Budget

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Research Universities

	(1) FY 2008-09 Year-to-Date as of 2/12/09	(2) 3.0% Reduction: Major GF/GP Line Items	(3) *Offsetting Federal ARRA Funds	(4) Saginaw Tribal Pass-Through; Adjust Fin Aid	(5) FY 2009-10 House Subcommittee	(6) Change from FY 2008-09 \$ Amount	(7) Percent
Michigan State	\$293,041,200	(\$8,791,200)	\$8,791,200		\$293,041,200	\$0	0.0
UM - Ann Arbor	326,674,300	(9,800,200)	9,800,200		326,674,300	0	0.0
Wayne State	221,237,000	(6,637,100)	6,637,100		221,237,000	0	0.0
Agriculture Experiment Station	34,336,200	(1,030,100)	1,030,100		34,336,200	0	0.0
Cooperative Extension	29,615,500	(888,500)	888,500		29,615,500	0	0.0
Subtotal	\$904,904,200	(\$27,147,100)	\$27,147,100	\$0	\$904,904,200	\$0	0.0
Federal - ARRA (Education)	0		27,147,100		27,147,100	27,147,100	--
State GF/GP	\$904,904,200	(\$27,147,100)	\$0	\$0	\$877,757,100	(\$27,147,100)	(3.0)

State Universities

Central Michigan	\$82,760,500	(\$2,482,800)	\$2,482,800	\$29,700	\$82,790,200	\$29,700	0.0
Eastern Michigan	78,551,800	(2,356,600)	2,356,600		78,551,800	0	0.0
Ferris State	50,228,100	(1,506,800)	1,506,800		50,228,100	0	0.0
Grand Valley State	64,021,400	(1,920,600)	1,920,600		64,021,400	0	0.0
Lake Superior State	13,111,700	(393,400)	393,400		13,111,700	0	0.0
Michigan Tech	49,518,500	(1,485,600)	1,485,600		49,518,500	0	0.0
Northern Michigan	46,633,200	(1,399,000)	1,399,000		46,633,200	0	0.0
Oakland	52,452,200	(1,573,600)	1,573,600		52,452,200	0	0.0
Saginaw Valley State	28,639,800	(859,200)	859,200		28,639,800	0	0.0
UM - Dearborn	25,548,000	(766,400)	766,400		25,548,000	0	0.0
UM - Flint	21,593,700	(647,800)	647,800		21,593,700	0	0.0
Western Michigan	113,243,200	(3,397,300)	3,397,300		113,243,200	0	0.0
Subtotal	\$626,302,100	(\$18,789,100)	\$18,789,100	\$29,700	\$626,331,800	\$29,700	0.0
Federal - ARRA (Education)	0		18,789,100		18,789,100	18,789,100	--
State GF/GP	\$626,302,100	(\$18,789,100)	\$0	\$29,700	\$607,542,700	(\$18,759,400)	(3.0)

State/Regional/Grants/Financial Aid

Higher Education Database	\$200,000				\$200,000	\$0	0.0
Midwestern Higher Ed Compact	95,000				95,000	0	0.0
King-Chavez-Parks (three lines)	2,691,500	(80,700)	80,700		2,691,500	0	0.0
State Competitive Scholarships	35,530,500	(978,900)	978,900		35,530,500	0	0.0
Tuition Grants	56,668,100	(1,700,000)	1,700,000		56,668,100	0	0.0
Michigan Work Study Program	7,326,300	(219,800)	219,800		7,326,300	0	0.0
Part-Time Independent Student Program	2,653,300	(79,600)	79,600		2,653,300	0	0.0
Michigan Education Opportunity Grants	2,084,200	(62,500)	62,500		2,084,200	0	0.0
Robert C. Byrd Honors Scholarship Program	1,500,000				1,500,000	0	0.0
Nursing Scholarship & Grant Programs	4,250,000				4,250,000	0	0.0
Michigan Merit Award Program	5,200,000			(5,199,900)	100	(5,199,900)	(100.0)
Michigan Promise Grant Program	80,500,000			59,500,000	140,000,000	59,500,000	73.9
Tuition Incentive Program	25,200,000			6,000,000	31,200,000	6,000,000	23.8
Children of Vets Tuition Grant Program	1,000,000				1,000,000	0	0.0
Project GEAR UP	3,000,000				3,000,000	0	0.0
Subtotal	\$227,898,900	(\$3,121,500)	\$3,121,500	\$60,300,100	\$288,199,000	\$60,300,100	26.5
Federal - ARRA (General)	\$0		\$3,121,500		3,121,500	3,121,500	--
Federal - Other	7,400,000				7,400,000	0	0.0
Merit Award Trust Fund	105,800,000			60,300,100	166,100,100	60,300,100	57.0
State Restricted - Other	300,000				300,000	0	0.0
State GF/GP	\$114,398,900	(\$3,121,500)	\$0	\$0	\$111,277,400	(\$3,121,500)	(2.7)
TOTAL - HIGHER EDUCATION	\$1,759,105,200	(\$49,057,700)	\$49,057,700	\$60,329,800	\$1,819,435,000	\$60,329,800	3.4
Federal	7,400,000	0	49,057,700	0	56,457,700	49,057,700	662.9
State Restricted	106,100,000	0	0	60,300,100	166,400,100	60,300,100	56.8
State GF/GP	\$1,645,605,200	(\$49,057,700)	\$0	\$29,700	\$1,596,577,200	(\$49,028,000)	(3.0)

*Funds received from State Fiscal Stabilization Fund under American Recovery and Reinvestment Act (ARRA); appropriated in separate line item for each university/program.