

HIGHER EDUCATION: FY 2009-10

Summary: As Reported by the House Committee House Bill 4441 (H-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	59,607,400			52,207,400	705.5
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	1,600,077,200			(45,528,000)	(2.8)
Gross	\$1,759,105,200	\$1,719,405,300	\$1,826,084,700			\$66,979,500	3.8
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 Committee 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 Committee 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 Committee 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. Unfunded Indian Tuition Waiver Costs

House Committee adds \$3.1 million from General Government Services portion of SFSF under ARRA for unfunded costs of Indian Tuition Waiver Program—calculated by subtracting amounts added historically to university line items for waiver costs from actual FY 2007-08 costs.

Gross	NA	\$3,149,700
Federal	NA	3,149,700

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD (as of 2/12/09)	House Change From YTD
4. Bay Mills Tribal College Allocation	Gross	\$100,000	\$0
<u>Exec Rec</u> removes allocation of \$100,000 GF/GP to Bay Mills Tribal College for Indian Tuition Waiver Program from Lake Superior State University's appropriation. <u>House Committee</u> retains allocation.	GF/GP	\$100,000	\$0
5. Saginaw Chippewa Tribal College Allocation	Gross	NA	\$29,700
<u>House Committee</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.	GF/GP	NA	\$29,700
6. Agricultural Experiment Station and Cooperative Extension Service	Gross	\$63,951,700	\$3,500,000
<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 Committee</u> retains total current-year funding amounts in distinct line items, but replaces 3.0% of GF/GP funding for line items (\$1.9 million) with funding from Education portion of SFSF under ARRA. <u>House Committee</u> also adds \$3.5 million GF/GP (\$2.35 million for Ag. Experiment Station; \$1.15 million for Cooperative Extension) for bioeconomy research and development at Michigan State.	Federal	0	1,918,600
	GF/GP	\$63,951,700	\$1,581,400
7. Need-Based Financial Aid Programs	Gross	\$104,262,400	\$0
<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.	Federal	2,900,000	3,040,800
	GF/GP	\$101,362,400	(\$3,040,800)
<u>House Committee</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:			
• 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			
8. Promise Grant Program	Gross	\$80,500,000	\$59,500,000
<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 Committee</u> concurs.	Restricted	80,500,000	59,500,000
9. Merit Award Program	Gross	\$5,200,000	(\$5,199,900)
<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 Committee</u> concurs.	Restricted	5,200,000	(5,199,900)
10. Tuition Incentive Program	Gross	\$25,200,000	\$6,000,000
<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 Committee</u> concurs.	Restricted	15,850,000	6,000,000
	GF/GP	\$9,350,000	\$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 Committee retains current-year provisions.

Sec. 214. Tuition Tax Credit – RETAINED

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

Sec. 301. State Competitive Scholarships – REVISED

Provides for distribution of funds appropriated for Competitive Scholarships. Exec Rec deletes; House Committee 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 Committee 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 Committee 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 Committee 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 Committee retains.

Sec. 312. Nursing Scholarship – RETAINED

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

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

Requires annual report on Children of Veterans Tuition Grant Program. Exec Rec and House Committee 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 Committee 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 Committee 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 Committee retains with minor revisions.

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 Committee retains current Project GREEN allocation amount, does not include allocation amount for Animal Agriculture Initiative, and adds \$3.5 million allocation for bioeconomy research and development; 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 Committee 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 Committee 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 Committee 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 Committee 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 Committee 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 Committee retains.

Sec. 462. Suicide Prevention – DELETED

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

FY 2009-10 Higher Education Budget

House Bill 4441 (H-1)


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) *Unfunded Indian Tuition Wavier Costs	(5) MSU Bioecon; Saginaw Pass- Through; Fin Aid	(6) FY 2009-10 House Committee	(7) Change from FY 2008-09 \$ Amount	(8) Percent
Michigan State	\$293,041,200	(\$8,791,200)	\$8,791,200	\$235,200		\$293,276,400	\$235,200	0.1
UM - Ann Arbor	326,674,300	(9,800,200)	9,800,200	336,300		327,010,600	336,300	0.1
Wayne State	221,237,000	(6,637,100)	6,637,100	242,400		221,479,400	242,400	0.1
Agriculture Experiment Station	34,336,200	(1,030,100)	1,030,100		2,350,000	36,686,200	2,350,000	6.8
Cooperative Extension	29,615,500	(888,500)	888,500		1,150,000	30,765,500	1,150,000	3.9
Subtotal	\$904,904,200	(\$27,147,100)	\$27,147,100	\$813,900	\$3,500,000	\$909,218,100	\$4,313,900	0.5
Federal - ARRA	0		27,147,100	813,900		27,961,000	27,961,000	--
State GF/GP	\$904,904,200	(\$27,147,100)	\$0	\$0	\$3,500,000	\$881,257,100	(\$23,647,100)	(2.6)

State Universities

Central Michigan	\$82,760,500	(\$2,482,800)	\$2,482,800	\$453,800	\$29,700	\$83,244,000	\$483,500	0.6
Eastern Michigan	78,551,800	(2,356,600)	2,356,600	198,300		78,750,100	198,300	0.3
Ferris State	50,228,100	(1,506,800)	1,506,800	185,800		50,413,900	185,800	0.4
Grand Valley State	64,021,400	(1,920,600)	1,920,600	350,300		64,371,700	350,300	0.5
Lake Superior State	13,111,700	(393,400)	393,400	199,600		13,311,300	199,600	1.5
Michigan Tech	49,518,500	(1,485,600)	1,485,600	160,600		49,679,100	160,600	0.3
Northern Michigan	46,633,200	(1,399,000)	1,399,000	231,500		46,864,700	231,500	0.5
Oakland	52,452,200	(1,573,600)	1,573,600	217,900		52,670,100	217,900	0.4
Saginaw Valley State	28,639,800	(859,200)	859,200	25,800		28,665,600	25,800	0.1
UM - Dearborn	25,548,000	(766,400)	766,400	66,400		25,614,400	66,400	0.3
UM - Flint	21,593,700	(647,800)	647,800	41,400		21,635,100	41,400	0.2
Western Michigan	113,243,200	(3,397,300)	3,397,300	204,400		113,447,600	204,400	0.2
Subtotal	\$626,302,100	(\$18,789,100)	\$18,789,100	\$2,335,800	\$29,700	\$628,667,600	\$2,365,500	0.4
Federal - ARRA	0		18,789,100	2,335,800		21,124,900	21,124,900	--
State GF/GP	\$626,302,100	(\$18,789,100)	\$0	\$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	\$0	\$60,300,100	\$288,199,000	\$60,300,100	26.5
Federal - ARRA	\$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	\$0	\$111,277,400	(\$3,121,500)	(2.7)
TOTAL - HIGHER EDUCATION	\$1,759,105,200	(\$49,057,700)	\$49,057,700	\$3,149,700	\$63,829,800	\$1,826,084,700	\$66,979,500	3.8
Federal	7,400,000	0	49,057,700	3,149,700	0	59,607,400	52,207,400	705.5
State Restricted	106,100,000	0	0	0	60,300,100	166,400,100	60,300,100	56.8
State GF/GP	\$1,645,605,200	(\$49,057,700)	\$0	\$0	\$3,529,700	\$1,600,077,200	(\$45,528,000)	(2.8)

*Funds appropriated in separate line item for each university/program.