

**HIGHER EDUCATION: FY 2007-08
Enacted Budget
House Bill 4350; Public Act 136 of 2007**



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	FY 2006-07	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08 Enacted vs.	
	Originally Enacted (1)	Revised Executive (2)	House- Passed (2)	Senate- Passed (3)	Enacted Budget	FY 2006-07 Enacted Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	3,000,000	7,400,000	6,000,000	200	7,400,000	4,400,000	146.7
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	159,700,000	125,800,000	125,800,000	400	127,200,000	(32,500,000)	(20.4)
GF/GP	1,624,791,300	1,750,480,700	1,853,443,300	3,100	1,761,775,700	136,984,400	8.4
Gross	\$1,787,491,300	\$1,883,680,700	\$1,985,243,300	\$3,700	\$1,896,375,700	108,884,400	6.1
FTEs	1.0	1.0	1.0	0.0	1.0	0.0	0.0

Notes:

- (1) FY 2006-07 appropriation figures do not reflect the impact of Executive Order (EO) 2007-3 or supplemental adjustments.
- (2) Executive/House figures reflect combined totals for House Bill 4350 and separate Research Universities bill (HB 4351).
- (3) Senate-passed House Bill 4350 includes only \$100 placeholder line items.

Overview

The FY 2007-08 Executive Recommendation proposed to move funding for Michigan State University, the University of Michigan – Ann Arbor, and Wayne State University into a separate Research Universities budget bill. Funding for the other 12 state universities, financial aid, and other programs would remain in the Higher Education bill. The House concurred with this proposal, passing both House Bills 4350 (Higher Education) and 4351 (Research Universities).

The Senate passed only House Bill 4350, taking no action on House Bill 4351. Senate-passed House Bill 4350 contained only \$100 placeholder line items.

The Enacted budget bill includes appropriations for all 15 universities in House Bill 4350, but separates budget line items and applicable boilerplate sections into three articles (Article 1 contains a total summary unit for the bill):

- Article 2: Research Universities (Michigan State, UM-Ann Arbor, Wayne State)
- Article 3: State Universities (remaining 12 universities)
- Article 4: State and Regional Programs, Grants, and Financial Aid

Major Budget Changes From FY 2006-07 Enacted Appropriations	FY 2006-07 Enacted	FY 2007-08 Change
1. State University Operations: Base Adjustment	Gross \$1,463,093,300	(\$25,882,000)
<u>Executive</u> and <u>House</u> base increases on original FY 2006-07 university appropriation amounts. <u>Enacted</u> reflects adjustment of base appropriations to continue subsequent FY 2006-07 reductions contained in PA 17 of 2007 (Senate Bill 436). (An additional \$232.8 million in GF/GP reductions to the FY 2006-07 Higher Education budget were one-time in nature and not continued for FY 2007-08.)	Restricted 9,500,000	0
	GF/GP \$1,453,593,900	(\$25,882,000)
2. State University Operations Increase	Gross \$1,463,093,300	\$14,115,400
<u>Executive</u> increases university operations line items by 2.5% across the board for a total increase of \$36.6 million. <u>House</u> concurs and includes additional 2.5% university operations increase based on participation, research, and degree completion formula components. <u>Enacted</u> includes 1.0% across-the-board increase—as compared to adjusted FY 2006-07 base. Increase for the three research universities is \$8.1 million; increase for remaining 12 state universities is \$6.0 million. (Technical: House/Enacted offset \$9.5 million from Merit Award Trust fund with GF/GP revenue.)	Restricted 9,500,000	(9,500,000)
	GF/GP \$1,453,593,900	\$23,615,400

Major Budget Changes From FY 2006-07 Enacted Appropriations		FY 2006-07 Enacted	FY 2007-08 Change
3. Indian Tuition Waivers	Gross	NA	\$1,400,000
<u>House</u> adds \$3.6 million to university line items for unfunded FY 2005-06 Indian Tuition Waiver costs. <u>Enacted</u> includes \$1.4 million, proportional to unfunded costs for each university.	GF/GP	NA	\$1,400,000
4. FY 2006-07 University Funding Restoration	Gross	NA	\$138,736,000
<u>Executive</u> includes delayed payment funds to be paid to state universities on October 16, 2007. <u>House/Enacted</u> concur.	GF/GP	NA	\$138,736,000
5. Agricultural Experiment Station	Gross	\$33,827,100	\$169,100
<u>Executive</u> maintains Agricultural Experiment Station line item at current-year level. <u>House</u> increases line by 2.5%. <u>Enacted</u> increases line by 0.5%.	GF/GP	\$33,827,100	\$169,100
6. Cooperative Extension	Gross	\$29,176,400	\$145,900
<u>Executive</u> reduces Cooperative Extension line item by \$2.7 million (10.0%, excluding amount earmarked for Project GREEN). <u>House</u> maintains line item at current-year level. <u>Enacted</u> increases line by 0.5%.	GF/GP	\$29,176,400	\$145,900
7. University Research Corridor	Gross	NA	\$0
<u>House</u> adds \$500,000 GF/GP for organization to be jointly formed by Michigan State, UM-Ann Arbor, and Wayne State. <u>Enacted</u> does not include this item.	GF/GP	NA	\$0
8. State Competitive Scholarships	Gross	\$34,130,500	\$1,400,000
<u>Executive</u> reduces \$3.0 million appropriation from MHEAA Operating Fund to projected available amount of \$1.2 million. <u>House</u> concurs. <u>Enacted</u> concurs and reflects recent Executive revision of additional \$1.4 million in available federal funds.	Federal	1,500,000	1,400,000
	Restricted	3,000,000	(1,800,000)
	GF/GP	\$29,630,500	\$1,800,000
9. Tuition Grant Program	Gross	\$58,768,100	(\$2,100,000)
<u>Executive</u> eliminates line item for the Tuition Grant Program. <u>House</u> maintains line item at original current-year level. <u>Enacted</u> reflects continuation of mid-year FY 2006-07 reduction of \$2.1 million and appropriates \$1.4 million in available FY 2006-07 carry forward revenue to offset GF/GP funds for FY 2007-08.	Restricted	2,900,000	(1,500,000)
	GF/GP	\$55,868,100	(\$600,000)
10. Michigan Merit Award and Promise Grant Programs	Gross	\$127,700,000	(\$24,200,000)
<u>Executive</u> reflects net reduction of \$24.2 million for transition from Merit Award Program to new Michigan Promise Grant Program. <u>House/Enacted</u> concur.	Restricted	127,700,000	(24,200,000)
11. Tuition Incentive Program (TIP)	Gross	\$14,000,000	\$7,100,000
<u>Executive</u> increases TIP appropriation for projected cost increase. <u>House/Enacted</u> concur. (Technical: House/Enacted offset \$9.5 million GF/GP with Merit Award Trust fund revenue.)	Restricted	6,350,000	9,500,000
	GF/GP	\$7,650,000	(\$2,400,000)
12. MiLEAD Initiative	Gross	\$5,000,000	(\$5,000,000)
<u>Executive</u> removes one-time appropriation for MiLEAD Initiative. <u>House/Enacted</u> concur.	Restricted	5,000,000	(5,000,000)
13. Project GEAR-UP	Gross	NA	\$3,000,000
<u>Executive</u> adds federal grant funds available for scholarships to low-income students. <u>House/Enacted</u> concur.	Federal	NA	3,000,000

Major Boilerplate Changes From FY 2006-07

Notes:

- (1) House action on both House Bills 4350 and 4351 is reflected below.
- (2) Senate-passed House Bill 4350 does not include any nonstandard sections included in the House-passed bill.
- (3) Most university-related boilerplate sections are included in both Articles 2 and 3 of the Enacted budget bill.

Sec. 203. Research University Definition – NEW

Defines "Research University" as a public university classified as a "research university (very high research activity)" under the 2005 Carnegie Classifications. Enacted includes section in Article 2.

Sec. 210. Foreign Auto Manufacturers – NEW

Prohibits use of funds appropriated to state universities for purchase/lease of a vehicle produced by a foreign auto manufacturer. House adds new section. Enacted includes revised version stating intent regarding vehicle purchases.

Sec. 212(2). FY 2006-07 University Funding Restoration – NEW

Provides for one-time supplemental payments to state universities offsetting FY 2006-07 reductions. Executive adds new subsection; House/Enacted concur.

Sec. 212(4). Fiscal Agency Report – RETAINED

Requires report from fiscal agencies on appropriation procedures. Executive deletes; House/Enacted retain.

Sec. 302. Tuition Grants – REVISED

Provides for distribution of Tuition Grant funds. Executive deletes. House retains section, but deletes requirement that unexpended funds carry forward to FY 2008-09. Enacted increases required maximum grant award to \$2,100 (equal to the actual FY 2006-07 amount) and retains carry-forward requirement.

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

Provides for Tuition Incentive Program requirements. Executive adds requirement that recipients not be enrolled in an institution whose primary purpose is to prepare students for religious ordination. House concurs. Enacted does not include new requirement.

Sec. 312. Nursing Scholarship Program – REVISED

Provides for administration of Nursing Scholarship Program. Executive removes requirement that master's degree students be eligible for awards (now included in statute). House/Enacted concur.

Sec. 313. MiLEAD Initiative – DELETED

Provides for grants under MILEAD Initiative. Executive deletes; House/Enacted concur.

Sec. 402. Douglas Lake Biological Station – RETAINED

States intent to protect unique research value of University of Michigan's Douglas Lake biological station. Executive deletes; House/Senate/Enacted retain (Article 2).

Sec. 403. University Research Corridor – NOT INCLUDED

Provides for appropriation to legal entity to be jointly formed by Michigan State, UM-Ann Arbor, and Wayne State. House adds new section in HB 4351; Senate includes in HB 4350. Enacted does not include.

Sec. 418. State University Funding Model – DELETED

Describes funding model included as a part of the calculation of university appropriation amounts for FY 2006-07. Executive deletes; House/Enacted concur.

Sec. 426. Private Bookstores – RETAINED

States intent that private bookstores have access to state universities' textbook lists and student financial accounts. Executive deletes. House/Enacted retain.

Sec. 434. Future Farmers of America – NEW

Earmarks \$100 from appropriation to Michigan State University for the Future Farmers of America Association (FFA). Senate adds new section. Enacted includes statement of intent that Michigan State provide \$80,000 to FFA.

Sec. 436. Tuition and Financial Aid Increases – RETAINED

States intent that state universities increase their general fund expenditures for institutional financial aid by at least the same percentage as their resident undergraduate tuition/fee rates. Executive retains language, stated as a requirement rather than a statement of intent. House retains statement of intent and adds new subsection stating intent that universities utilize a portion of their FY 2007-08 funding increases to provide students savings. Enacted retains statement of intent; does not include new subsection added by House.

Major Boilerplate Changes From FY 2006-07

Sec. 450. Per-Student Funding Floor – REVISED

States that per-FYES floor of \$3,775 is reflected in state university appropriation amounts. Executive deletes; House concurs. Senate includes revised section, stating intent to allocate funds for per-FYES floor of \$3,775 from GF/GP unreserved balances at the close of FY 2006-07. Enacted concurs with Senate (Article 3).

Sec. 462. Suicide Prevention – NEW

States intent that each state university develop an education program on preventing suicide and violence. House adds new section. Enacted concurs with House.

Sec. 463. Students from Eligible County – NEW

Requires universities to report regarding outreach efforts to enroll students from an eligible county (under definition, Macomb County would be eligible). House adds new section in HB 4351. Senate/Enacted include in HB 4350.

Sec. 464. Commercialization of University Research – NEW

Provides for universities to expend research component funding for efforts to commercialize technology. House adds new section. Senate includes alternate language providing for universities to receive a funding allocation by submitting plan regarding commercialization of research technology. Enacted includes requirement that universities submit research commercialization plan.

Sec. 464a. Admission of Michigan High School Graduates – NOT INCLUDED

Provides for a 15 percent appropriation reduction if a university does not admit a student with a G.P.A. in the top 10 percent of his or her high school class who also meets the minimum admissions standards of the university. House adds new section. Enacted does not include.

Sec. 465. Audit of University Spending – NOT INCLUDED

States intent that an independent commission conduct an audit of the spending of state universities; provides for additional appropriation to participating universities. Senate adds new section. Enacted does not include.

Sec. 466. Consolidation of Services – NEW

States intent that state universities included in Research Universities bill consolidate services among themselves. House adds new section in HB 4351. Senate includes alternate section 462 in HB 4350, stating intent for universities to coordinate purchase of goods and services. Enacted concurs with Senate and includes reference to Midwestern Higher Education Compact.

Sec. 467. Performance Standards – NEW

States intent for Legislature to establish university performance standards. Enacted includes section in both Article 2 (applicable to the three research universities) and Article 3 (applicable to the remaining 12 universities).

Secs. 501, 502, 505, & 506. King-Chavez-Parks (KCP) Programs – REVISED

Provides for expenditure of funds under various KCP programs. House specifies target populations for all KCP programs as "academically or economically disadvantaged" students. States that preference may not be given on basis of race, color, ethnicity, gender, or national origin; states that institutions should encourage participation from those who would not otherwise be adequately represented in student populations. Enacted concurs with House.

Sec. 603. Transfer from Community College – NEW

States intent that state universities work with community colleges to encourage the transfer of both students and credits. Senate adds new section. Enacted concurs with Senate.

Sec. 711. Education Degrees – DELETED

Requires state universities to report on efforts to increase teaching degrees in math, science, languages, and other critical shortage disciplines. Executive deletes; House concurs. Senate retains. Enacted deletes.

Sec. 712. Research and Technology Transfer – DELETED

Requires universities to report various data related to research and technology transfer. Executive retains/revises for universities in HB 4351. House concurs. Senate includes in HB 4350. Enacted does not include.

Sec. 714. Student Records – NEW

States intent that state universities provide information from the records of a student to any person to whom the student has authorized disclosure. Senate adds new section; Enacted concurs.