

HIGHER EDUCATION: FY 2010-11

Summary: Executive Recommendation



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 Enacted	Difference: Executive From FY 2009-10 YTD	
						Amount	%
	\$0	\$0				\$0	--
Federal							
ARRA	68,238,000	0				(68,238,000)	(100.0)
Non-ARRA	5,900,000	4,500,000				(1,400,000)	(23.7)
Local	0	0				0	--
Private	0	0				0	--
Restricted	30,400,100	30,400,000				(100)	(0.0)
GF/GP	1,507,705,200	1,543,378,500				35,673,300	2.4
Gross	1,612,243,300	1,578,278,500				(33,964,800)	(2.1)
FTEs	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

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. Total appropriation amount for each of the 15 public universities is held flat from FY 2009-10.

	FY 2009-10 YTD (as of 2/11/10)	Exec Change From YTD
Gross	\$1,461,182,600	\$0
ARRA	40,483,100	(40,483,100)
GF/GP	\$1,420,699,500	\$40,483,100

2. Agricultural Experiment Station

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. Total appropriation for Agricultural Experiment Station is held flat from FY 2009-10 at \$34.2 million.

Gross	\$34,198,900	\$0
ARRA	16,082,900	(16,082,900)
GF/GP	\$18,116,000	\$16,082,900

3. Cooperative Extension Service

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. Total appropriation for Cooperative Extension Service is held flat from FY 2009-10 at \$29.5 million.

Gross	\$29,497,000	\$0
ARRA	11,672,000	(11,672,000)
GF/GP	\$17,825,000	\$11,672,000

4. State Competitive Scholarship Program

Removes \$1.4 million in federal funds no longer available for the program due to overall reductions in need-based state financial aid funding. Remaining appropriation for combination need-/merit-based program is \$16.2 million (\$14.7 million GF/GP; \$1.5 million federal).

Gross	\$17,608,500	(\$1,400,000)
Federal	2,900,000	(1,400,000)
GF/GP	\$14,708,500	\$0

<u>Major Budget Changes From FY 2009-10 YTD Appropriations</u>		<u>FY 2009-10 YTD (as of 2/11/10)</u>	<u>Exec Change From YTD</u>	
5. Tuition Grant Program		Gross	\$31,664,700	(\$31,664,700)
Eliminates \$31.7 million GF/GP appropriation for Tuition Grant Program, a need-based program for students attending independent colleges and universities.		GF/GP	\$31,664,700	(\$31,664,700)
6. Merit Award Program		Gross	\$100	(\$100)
Removes \$100 placeholder included in FY 2009-10 budget for any Restricted remaining costs of program, which ended with students graduating from high school in 2006.		Restricted	100	(100)
7. Tuition Incentive Program		Gross	\$31,200,000	(\$1,100,000)
Projected cost increase for program is \$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 to (1) limit reimbursed costs for associate's degree students at public universities to average community college tuition rate and (2) eliminate second phase of program (up to \$2,000 toward bachelor's degree) would save an estimated \$7.3 million. Net reduction in program funding is \$1.1 million GF/GP; remaining appropriation of \$30.1 million is funded entirely from Merit Award Trust Fund revenue.		Restricted	30,100,000	0
		GF/GP	\$1,100,000	(\$1,100,000)
8. Children of Veterans and Officer's Survivor Tuition Program		Gross	\$1,000,000	\$200,000
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.		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: 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.

Sec. 212. Payments to Universities – MODIFIED

Provides for 11 monthly payments to universities. 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.

Sec. 214. Tuition Tax Credit – DELETED

Requires universities to submit Tuition Tax Credit notification to fiscal agencies.

Sec. 217. Conflicts of Interest – DELETED

States intent that state university governing boards examine university operations for potential conflicts of interest.

Sec. 302. Tuition Grants – DELETED

Provides for distribution of funds appropriated for Tuition Grants. (Funding for program eliminated under Executive.)

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

Provides for TIP eligibility/awards. Proposed 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.

Sec. 316. Financial Aid Workgroup – DELETED

States intent for workgroup to examine and make recommendations regarding state financial aid programs.

Major Boilerplate Changes From FY 2009-10

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.

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.

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.

Sec. 402. Douglas Lake Biological Station – DELETED

Designates University of Michigan Douglas Lake Biological Station as a unique resource.

Sec. 426. Private Bookstores – DELETED

States intent regarding private bookstore access to required textbook lists and university-administered financial accounts; states intent regarding university review process for textbook requirements.

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.

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.

Sec. 436. ARRA Funding – DELETED

Requires that funds appropriated from SFSF of ARRA be used to mitigate tuition/fee increases or modernize/renovate/repair facilities, consistent with ARRA provisions. (ARRA funds for Higher Education available in FY 2009-10 only.)

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.

Sec. 451. Indian Tuition Waiver Costs – DELETED

States intent to allocate funds for unfunded Indian Tuition Waiver costs from GF/GP balance at fiscal year-end.

Sec. 463. Students from Macomb County – DELETED

Requires universities to report regarding outreach efforts to enroll students from Macomb County.

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.

Sec. 480. Veterans Policies – MODIFIED

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

Sec. 701a. New Degree Programs – DELETED

Lists new degree programs established by state universities for which credit hours may be reported to HEIDI. (New list pending from Presidents Council.)

FY 2010-11 Higher Education Budget

Executive Recommendation


Research Universities

	(1) FY 2009-10 Year-to-Date as of 2/11/10	(2) Remove One-Time ARRA Funds	(3) Replace ARRA Funds with GF/GP	(4) Financial Aid: Technical/TIP Costs/Transfer	(5) Financial Aid: Policy Changes	(6) FY 2010-11 Executive	(7) Change from FY 2009-10 \$ Amount	(8) Percent
Michigan State	\$291,841,700	(\$7,932,700)	\$7,932,700			\$291,841,700	\$0	0.0
UM - Ann Arbor	325,347,400	(8,775,400)	8,775,400			325,347,400	0	0.0
Wayne State	220,329,200	(6,003,800)	6,003,800			220,329,200	0	0.0
Agricultural Experiment Station	34,198,900	(16,082,900)	16,082,900			34,198,900	0	0.0
Cooperative Extension	29,497,000	(11,672,000)	11,672,000			29,497,000	0	0.0
Subtotal	\$901,214,200	(\$50,466,800)	\$50,466,800	\$0	\$0	\$901,214,200	\$0	0.0
Federal - ARRA	50,466,800	(50,466,800)				0	(50,466,800)	--
State GF/GP	\$850,747,400	\$0	\$50,466,800	\$0	\$0	\$901,214,200	\$50,466,800	5.9

State Universities

Central Michigan	\$82,436,000	(\$2,342,100)	\$2,342,100			\$82,436,000	\$0	0.0
Eastern Michigan	78,212,100	(2,246,500)	2,246,500			78,212,100	0	0.0
Ferris State	50,017,100	(1,395,300)	1,395,300			50,017,100	0	0.0
Grand Valley State	63,758,300	(1,739,900)	1,739,900			63,758,300	0	0.0
Lake Superior State	13,059,200	(477,600)	477,600			13,059,200	0	0.0
Michigan Tech	49,302,100	(1,431,300)	1,431,300			49,302,100	0	0.0
Northern Michigan	46,438,200	(1,289,300)	1,289,300			46,438,200	0	0.0
Oakland	52,220,800	(1,530,100)	1,530,100			52,220,800	0	0.0
Saginaw Valley State	28,517,700	(807,600)	807,600			28,517,700	0	0.0
UM - Dearborn	25,437,100	(733,500)	733,500			25,437,100	0	0.0
UM - Flint	21,498,900	(627,200)	627,200			21,498,900	0	0.0
Western Michigan	112,766,800	(3,150,800)	3,150,800			112,766,800	0	0.0
Subtotal	\$623,664,300	(\$17,771,200)	\$17,771,200	\$0	\$0	\$623,664,300	\$0	0.0
Federal - ARRA	17,771,200	(17,771,200)				0	(17,771,200)	--
State GF/GP	\$605,893,100	\$0	\$17,771,200	\$0	\$0	\$623,664,300	\$17,771,200	2.9

State/Regional/Grants/Financial Aid

Higher Education Database	\$105,000					\$105,000	\$0	0.0
Midwestern Higher Ed Compact	95,000					95,000	0	0.0
King-Chavez-Parks (three lines)	2,691,500					2,691,500	0	0.0
State Competitive Scholarships	17,608,500			(1,400,000)		16,208,500	(1,400,000)	(8.0)
Tuition Grants	31,664,700				(31,664,700)	0	(31,664,700)	(100.0)
Robert C. Byrd Honors Scholarship Program	1,500,000					1,500,000	0	0.0
Michigan Merit Award Program	100			(100)		0	(100)	(100.0)
Tuition Incentive Program	31,200,000			6,200,000	(7,300,000)	30,100,000	(1,100,000)	(3.5)
Children of Vets and Officer's Survivor Programs	1,000,000			200,000		1,200,000	200,000	20.0
Project GEAR UP	1,500,000					1,500,000	0	0.0
Subtotal	\$87,364,800	\$0	\$0	\$4,999,900	(\$38,964,700)	\$53,400,000	(\$33,964,800)	(38.9)
Federal - Other	5,900,000			(1,400,000)		4,500,000	(1,400,000)	(23.7)
Merit Award Trust Fund	30,100,100			(100)		30,100,000	(100)	(0.0)
State Restricted - Other	300,000					300,000	0	0.0
State GF/GP	\$51,064,700	\$0	\$0	\$6,400,000	(\$38,964,700)	\$18,500,000	(\$32,564,700)	(63.8)
TOTAL - HIGHER EDUCATION	\$1,612,243,300	(\$68,238,000)	\$68,238,000	\$4,999,900	(\$38,964,700)	\$1,578,278,500	(\$33,964,800)	(2.1)
Federal	74,138,000	(68,238,000)	0	(1,400,000)	0	4,500,000	(69,638,000)	(93.9)
State Restricted	30,400,100	0	0	(100)	0	30,400,000	(100)	(0.0)
State GF/GP	\$1,507,705,200	\$0	\$68,238,000	\$6,400,000	(\$38,964,700)	\$1,543,378,500	\$35,673,300	2.4