

Legislative Analysis



STATE UNIVERSITY EXPENDITURES

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House Joint Resolution PP

Sponsor: Rep. Tom McMillin

1st Committee: Government Operations

2nd Committee: Oversight, Reform, and Ethics

Complete to 4-23-12

A SUMMARY OF HOUSE JOINT RESOLUTION PP AS INTRODUCED 2-16-12

House Joint Resolution PP would amend Section 4, Article VIII of the State Constitution of 1963 to expand provisions requiring each state university to submit an annual accounting of its expenditures to the Legislature. Under the provisions added by the resolution, the term "expenditure of state money" would apply to expenditures of both appropriated and non-appropriated money and would include, but not be limited to, the following:

- Purchases of goods or services.
- Contract or subcontract payments.
- Payment of employee wages and benefits and any other employee compensation.
- Payment of grants.

For each expenditure, a university would be required to include, at minimum, the following:

- If the person is not an employee of the university: the name and address of the person to whom the money is paid.
- If the person is an employee of the university: the amount of the expenditure, the type of transaction for which the expenditure is made, the budget source of the money, a description of the purpose of the expenditure, and any other information required by law.

The resolution would require each state university to develop and operate a searchable website, accessible by the public at no cost, to access the expenditure information described above.

Additionally, the resolution would standardize the use of the term "state university" in Section 4. Currently, the section specifically references the state universities that existed at the time of the constitution's adoption.

FISCAL IMPACT:

The resolution would increase costs for state universities by requiring the construction and maintenance of a searchable website. The number of individual financial

transactions subject to the resolution's requirements at each university would be sizeable, as the provisions apply to expenditures for both instruction-related activities (for which state funds are generally appropriated) and other activities conducted by universities (residence halls, food service, athletics, endowment-funded activities, externally-funded research, the University of Michigan hospital system, etc.).

A specific estimate of the cost of compliance with the resolution's provisions is not available. The cost is likely to vary by university. In fiscal year 2010-11, total current fund expenditures at each university varied from a low of \$55.7 million (Lake Superior State) to \$6.9 billion (University of Michigan; three campuses combined).

Currently, state universities submit their annual audited financial reports to the Legislature. They also submit a variety of more specific (but aggregated) financial data on instruction-related activities to the state through the Higher Education Institutional Data Inventory (HEIDI) maintained by the Department of Technology and Budget, under Section 1299 of the Management and Budget Act and annual Higher Education budget act language.

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