



**Senate Fiscal Agency**  
 P. O. Box 30036  
 Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-2768  
 Fax: (517) 373-1986

[House Bill is H.B. 5372](#)

---

**FY 2012-13 Senate-Passed Gross Appropriation..... \$1,400,531,500**

---

**House Changes to Senate-Passed:**

**1. Performance Funding. 0**

Governor: \$36,217,000 (3.0%) increase allocated by four new funding formulas based on the three-year average growth of undergraduate degree completions, three-year average degree completions in critical skills areas (science, technology, engineering, mathematics, and health fields), three-year average number of undergraduate students receiving Pell Grants, and tuition restraint. Because tuition restraint is not allocated to universities until after tuition and fee rates are set for FY 2012-13, distributions to universities reflect an overall 2.25% increase, ranging from 0.9% to 7.6%.

Senate: Maintained \$9,054,300 tuition restraint recommendation, but changed the remaining distribution to an \$18,108,400 allocation proportional to FY 2011-12 base appropriations and \$9,054,300 allocated pursuant to how universities perform relative to their Carnegie classifications for eight metrics. Because tuition restraint is not allocated to universities until after tuition and fee rates are set for FY 2012-13, distributions to universities reflect an overall 2.25% increase, ranging from 1.8% to 4.9%.

House: Included the same overall increase but distributed funding based on a single-component formula that weights undergraduate degrees and certificates (two-year average) according to program length and provides a double weight for degrees/certificates in critical skills areas. House also redistributes 1.0% of FY 2011-12 base appropriations (\$12,072,300) under the formula, along with the \$36,217,000. The House formula results in net increases over FY 2011-12 ranging from 0.5% to 7.4% (average of 3.0%).

Table 1 provides details of increases by university.

- 2. **MSU Facility for Rare Isotopes (FRIB).** The FY 2011-12 budget included a one-time appropriation of \$1.2 million. Governor and Senate included \$2,339,900 for this facility in ongoing appropriations for FY 2012-13. The total project cost is estimated at \$614.5 million (\$520.0 million Federal funds and a community cost share of \$94.5 million). House transferred funding to the General Government Budget. (2,339,900)
- 3. **Tuition Grants.** Governor reduced this program by \$1.0 million, from \$31,664,700 to \$30,664,700. The program provides funding for financially needy undergraduate students at Michigan two-year and four-year private institutions. The Senate did not concur and retained current year funding. The House increased to \$32,664,700. 1,000,000
- 4. **Tuition Incentive Program (TIP).** Governor reduced this program by \$1.0 million, from \$43.8 million to \$42.8 million. The program provides an incentive to students to complete high school and go on to college by pledging to pay tuition and fees for associate degree or certificate programs, as well as up to \$2,000 at a four-year institution. Students in grades 6 through 12 who are Medicaid-eligible for 24 months can qualify for TIP. Senate reduced this program by an additional \$1.0 million. Treasury projections indicate there are sufficient funds to cover the entire \$2.0 million increase for competitive scholarships. The House maintained the Governor's recommended level of funding. 1,000,000
- 5. **Other Changes.** The House did not include the items added on the Senate Floor (EMU Autism Collaborative \$500,000 and CMU Central Assessment Lending Library \$50,000). (550,000)

---

Total Changes ..... (\$889,900)

---

**FY 2012-13 House-Passed Gross Appropriation..... \$1,399,641,600**

---

**Changes from FY 2012-13 Senate-Passed:**

1. **Second Year Appropriation Intent Language.** Governor replaced with line items for FY 2013-14. Senate maintains boilerplate. House modified by stating intent that FY 2012-13 performance funding be included in university base appropriations and referenced May Revenue Estimating Conference instead of January. (Sec. 236a)
2. **Posting of Expenditures.** Governor eliminated listing of individual employee information. Senate concurred in part, but required additional information and uniform placement of information on university websites. Senate authorizes the Budget Director to withhold State aid for noncompliance. House maintained current-year language and adds December 15 deadline. (Sec. 245)
3. **Tuition Grant Program.** Governor changed deadline from applying before July 1, to application received by July 1, and received by March 1 for subsequent years, eliminated carry forward, and added new reporting requirements for independent colleges (P-20 longitudinal and other data). Senate maintained current-year language. House removed carry forward, changed private college reporting requirement to intent that private institutions work with Center for Educational Performance and Information (CEPI) toward establishment of a student-level data reporting process, and added reporting requirement if funds are available above the \$1,512 maximum award level. (Sec. 252)
4. **Student Financial Aid Distributions.** Governor and House changed distribution from 50% allocated over the first two quarters to payments of 50%, 30%, 10%, and 10%. Senate did not concur. (Sec.254)
5. **Purpose of University Appropriations.** New House language stating that the purpose of State funding to university operations is to reduce the cost charged to Michigan residents for undergraduate instructional programs. (Sec. 260)
6. **Tuition Restraint.** Governor revised the Tuition Restraint Program and set the FY 2012-13 limit at 4.0%. Senate reduced tuition and fee increase limit to 3.5%. House tied tuition restraint requirements to all of performance funding and calculated FY 2012-13 tuition restraint limit on two-year basis (results in possible increases ranging from 0.0% to 9.6%. with overall average of 4.6%. (Sec. 265)
7. **Performance Funding Criteria.** Governor included new section requiring universities to certify that they participate in the Michigan Transfer Network in order to receive performance funding and sets criteria for performance funding. Governor would lapse forfeited funds. Senate adjusted formula and would redistribute funds forfeited funds and tied receipt of funds to compliance with stem cell report required in Sec. 274. House modified formula and conditioned receipt of performance funding to compliance with tuition restraint, reporting on embryonic stem cell research, certification that the university participates in reverse transfer agreements with at least three Michigan community colleges, certification that the university will not consider whether dual enrollment credits earned by an incoming student were utilized towards high school graduation requirements when making a determination as to whether those credits may be used by the student toward completion of a university degree, and certification that the university does not require resident undergraduate students to carry health insurance coverage as a condition of enrollment. Funds forfeited for noncompliance shall be re-appropriated for in the following order: not more than \$1,053,800 for MPSERS, not more than \$1,578,400 for MSU AgBioResearch, and the balance for additional performance funding to universities. Requires report regarding funds forfeited and redistributions. Requires universities to begin reporting whether bachelor's degree completions require more than 120 credits (or 60 credits for associate's degrees). States intent that future performance funding will require an increased number of reverse transfer agreements, require participation in a core college course process with community colleges, and consider the number of GI Bill participants enrolled and completing degrees at each university. (Sec. 265a)
8. **Non-Profit Worker Centers.** New House language stating legislative intent that public universities shall not collaborate in any manner with a nonprofit worker center whose documented activities include coercion through protest, demonstration, or organization against a Michigan business. (Sec. 273a)
9. **Senate Restored Sections Deleted by the House.** House concurred with the Governor in deleting the following sections that the Senate restored: Deprived and depressed communities (Sec. 240); acceptance of Federal funds not placing an obligation on the Legislature (portion of Sec. 242); Yellow Ribbon GI Education Enhancement report requirement (portion of Sec. 275); compliance with JCOS use and finance rules and penalty provisions (portion of Sec. 275a); campus security information (Sec. 292); and Federal Educational Rights & Privacy Act (Sec. 293).
10. **House Restored Sections.** House restored the following sections that were deleted by the Governor and Senate: Coordinate purchases (Sec. 270a); adult co-resident health benefits - legislative intent and report (Sec. 274a); and new degree programs (Sec. 290).

Date Completed: 04-30-12

Fiscal Analyst: Bill Bowerman

---

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

13hilitched\_ds

Table 1: FY 2012-13 Higher Education Appropriation Bill

	Governor				Senate Passed			House Passed		
	FY 2011-12 Year-To-Date Appropriation	FY 2012-13 Governor's Recommendation	Dollar Change From 2011-12	Percent Change From 2011-12	FY 2012-13 Senate	Dollar Change From 2011-12	Percent Change From 2011-12	FY 2012-13 House Recommendation	Dollar Change From 2011-12	Percent Change From 2011-12
<b>Universities</b>										
Central	\$68,108,900	\$70,680,700	\$2,571,800	3.8%	\$69,921,200	\$1,812,300	2.7%	\$71,133,500	\$3,024,600	4.4%
Eastern	64,619,100	66,118,400	1,499,300	2.3%	66,178,000	1,558,900	2.4%	67,065,300	2,446,200	3.8%
Ferris	41,324,300	43,906,600	2,582,300	6.2%	42,239,900	915,600	2.2%	44,003,300	2,679,000	6.5%
Grand Valley	52,677,400	56,673,500	3,996,100	7.6%	54,478,200	1,800,800	3.4%	56,576,100	3,898,700	7.4%
Lake Superior	10,789,500	11,036,700	247,200	2.3%	11,320,000	530,500	4.9%	11,241,200	451,700	4.2%
Michigan State	241,120,800	244,418,600	3,297,800	1.4%	245,533,000	4,412,200	1.8%	247,912,200	6,791,400	2.8%
Michigan Tech	40,733,600	41,536,100	802,500	2.0%	41,785,400	1,051,800	2.6%	42,009,900	1,276,300	3.1%
Northern	38,367,400	39,659,700	1,292,300	3.4%	39,636,400	1,269,000	3.3%	39,514,100	1,146,700	3.0%
Oakland	43,145,000	44,744,600	1,599,600	3.7%	44,103,500	958,500	2.2%	45,568,500	2,423,500	5.6%
Saginaw Valley	23,561,500	24,682,500	1,121,000	4.8%	24,307,000	745,500	3.2%	24,663,300	1,101,800	4.7%
UM-Ann Arbor	268,803,300	272,695,500	3,892,200	1.4%	273,652,500	4,849,200	1.8%	273,590,700	4,787,400	1.8%
UM-Dearborn	21,016,300	21,587,800	571,500	2.7%	21,948,000	931,700	4.4%	22,098,400	1,082,100	5.1%
UM-Flint	17,762,400	18,330,900	568,500	3.2%	18,488,300	725,900	4.1%	18,693,900	931,500	5.2%
Wayne State	182,036,900	183,719,300	1,682,400	0.9%	185,530,600	3,493,700	1.9%	183,012,100	975,200	0.5%
Western	93,168,300	94,606,500	1,438,200	1.5%	95,275,400	2,107,100	2.3%	96,369,200	3,200,900	3.4%
Tuition Restraint Incentive*		9,054,300	9,054,300	---	9,054,300	9,054,300	---	0	0	0.0%
MPERS Retiree Health Care		446,200	446,200	---	446,200	446,200	---	446,200	446,200	---
Ag Exp. and Coop. Exten. Activities	52,625,800	52,625,800	0	0.0%	52,625,800	0	0.0%	52,625,800	0	0.0%
MSU Facility for Rare Isotope Beams**	0	2,339,900	2,339,900	---	2,339,900	2,339,900	---	0	0	0.0%
Higher Education Database	105,000	105,000	0	0.0%	105,000	0	0.0%	105,000	0	0.0%
Midwest Higher Ed Compact	95,000	95,000	0	0.0%	95,000	0	0.0%	95,000	0	0.0%
King-Chavez-Parks	2,691,500	2,691,500	0	0.0%	2,691,500	0	0.0%	2,691,500	0	0.0%
CMU Assessment Lending Library	0	0	0	0.0%	50,000	50,000	---	0	0	0.0%
FY 2011-12 One-time Appropriations	1,900,000	0	(1,900,000)	-100.0%	500,000	(1,400,000)	-73.7%	0	(1,900,000)	-100.0%
<b>Total Universities</b>	<b>\$1,264,652,000</b>	<b>\$1,301,755,100</b>	<b>\$37,103,100</b>	<b>2.9%</b>	<b>\$1,302,305,100</b>	<b>37,653,100</b>	<b>3.0%</b>	<b>1,299,415,200</b>	<b>34,763,200</b>	<b>2.7%</b>
<b>School Aid Fund</b>	<b>\$200,019,500</b>	<b>200,465,700</b>	<b>\$446,200</b>	<b>0.2%</b>	<b>200,465,700</b>	<b>446,200</b>	<b>0.2%</b>	<b>200,465,700</b>	<b>446,200</b>	<b>0.2%</b>
<b>State GF/GP</b>	<b>\$1,064,632,500</b>	<b>\$1,101,289,400</b>	<b>\$36,656,900</b>	<b>3.4%</b>	<b>\$1,101,839,400</b>	<b>37,206,900</b>	<b>3.5%</b>	<b>1,098,949,500</b>	<b>34,317,000</b>	<b>3.2%</b>
<b>Grants and Financial Aid</b>										
State Competitive Scholarships	\$18,361,700	\$20,361,700	\$2,000,000	10.9%	20,361,700	2,000,000	10.9%	20,361,700	2,000,000	10.9%
Tuition Grants	31,664,700	30,664,700	(1,000,000)	-3.2%	31,664,700	0	0.0%	32,664,700	1,000,000	3.2%
Tuition Incentive Program (TIP)	43,800,000	42,800,000	(1,000,000)	-2.3%	41,800,000	(2,000,000)	-4.6%	42,800,000	(1,000,000)	-2.3%
Byrd Scholarship Program	1,300,000	0	(1,300,000)	-100.0%	0	(1,300,000)	-100.0%	0	(1,300,000)	-100.0%
Children of Veterans & Officer's Tuition	1,200,000	1,200,000	0	0.0%				1,200,000	0	0.0%
Project Gear-Up	3,200,000	3,200,000	0	0.0%				3,200,000	0	0.0%
<b>Total Grants/Financial Aid</b>	<b>\$99,526,400</b>	<b>\$98,226,400</b>	<b>(\$1,300,000)</b>	<b>-1.3%</b>	<b>98,226,400</b>	<b>(1,300,000)</b>	<b>-1.3%</b>	<b>100,226,400</b>	<b>700,000</b>	<b>0.7%</b>
<b>Federal Higher Ed Act</b>	<b>4,500,000</b>	<b>3,200,000</b>	<b>(1,300,000)</b>	<b>-28.9%</b>	<b>3,200,000</b>	<b>(1,300,000)</b>	<b>-28.9%</b>	<b>3,200,000</b>	<b>(1,300,000)</b>	<b>-28.9%</b>
<b>Federal TANF</b>	<b>93,826,400</b>	<b>93,826,400</b>	<b>0</b>	<b>---</b>	<b>93,826,400</b>	<b>0</b>	<b>0.0%</b>	<b>95,826,400</b>	<b>2,000,000</b>	<b>2.1%</b>
<b>Veterans Tax Check-off</b>	<b>200,000</b>	<b>100,000</b>	<b>(100,000)</b>	<b>-50.0%</b>	<b>100,000</b>	<b>(100,000)</b>	<b>-50.0%</b>	<b>100,000</b>	<b>(100,000)</b>	<b>-50.0%</b>
<b>State GF/GP</b>	<b>\$1,000,000</b>	<b>\$1,100,000</b>	<b>\$100,000</b>	<b>10.0%</b>	<b>1,100,000</b>	<b>100,000</b>	<b>10.0%</b>	<b>1,100,000</b>	<b>100,000</b>	<b>10.0%</b>
<b>TOTAL HIGHER EDUCATION</b>										
<b>TOTAL ALL FUNDS</b>	<b>\$1,364,178,400</b>	<b>\$1,399,981,500</b>	<b>\$35,803,100</b>	<b>2.6%</b>	<b>\$1,400,531,500</b>	<b>\$36,353,100</b>	<b>2.7%</b>	<b>\$1,399,641,600</b>	<b>\$35,463,200</b>	<b>2.6%</b>
<b>TOTAL FEDERAL</b>	<b>98,326,400</b>	<b>97,026,400</b>	<b>(1,300,000)</b>	<b>-1.3%</b>	<b>97,026,400</b>	<b>(1,300,000)</b>	<b>-1.3%</b>	<b>99,026,400</b>	<b>700,000</b>	<b>0.7%</b>
<b>TOTAL STATE RESTRICTED</b>	<b>200,219,500</b>	<b>200,565,700</b>	<b>346,200</b>	<b>0.2%</b>	<b>200,565,700</b>	<b>346,200</b>	<b>0.2%</b>	<b>200,565,700</b>	<b>346,200</b>	<b>0.2%</b>
<b>TOTAL STATE GF/GP</b>	<b>\$1,065,632,500</b>	<b>\$1,102,389,400</b>	<b>\$36,756,900</b>	<b>3.4%</b>	<b>\$1,102,939,400</b>	<b>\$37,306,900</b>	<b>3.5%</b>	<b>\$1,100,049,500</b>	<b>\$34,417,000</b>	<b>3.2%</b>

\* Tuition restraint incentive appropriation is not allocated to university line items. Distributions will be made to universities after university boards set FY 2012-13 tuition and fee rates.

\*\* Previously included in One-time Appropriations at \$1,200,000.