

MEMORANDUM



DATE: May 23, 2005
TO: House Appropriations Subcommittees on Community Colleges and Higher Education
FROM: Kyle I. Jen, Senior Fiscal Analyst
RE: Partial Restoration of EO 2005-7 Reductions

Executive Order (EO) 2005-7 reduced FY 2004-05 state university and community college operations appropriations by a total of \$30.0 million. Section 701 of Public Act 11 of 2005, a supplemental budget bill enacted in conjunction with the EO 2005-7, states the following:

Sec. 701. (1) The impact of the reductions to state university and community college appropriations contained in Executive Order No. 2005-7 shall not be applied to the monthly payments made by the state to those institutions before August 1, 2005.

(2) If the estimate of fiscal year 2004-05 combined general fund/general purpose and school aid fund revenues as determined at the May 2005 consensus revenue estimating conference is greater than the estimate as determined at the January 2005 consensus revenue estimating conference, the combined increase, up to a maximum of \$30,000,000.00, is appropriated for the state fiscal year ending September 30, 2005, for state university and community college operations. The fund source of these appropriations shall be general fund/general purpose revenues. If the general fund/general purpose increase is not sufficient to support these appropriations, the general fund contribution to the school aid fund may be adjusted as needed to support these appropriations. If the total amount appropriated is \$30,000,000.00, the funds appropriated shall be paid in the amounts listed in this subsection. If the total amount appropriated is less than \$30,000,000.00, the funds shall be paid in amounts directly proportional to the amounts listed in this subsection as follows:

[Executive Order 2005-7 reduction amounts]

(3) If the amount appropriated under subsection (2) is less than \$30,000,000.00 and an unreserved general fund/ general purpose balance exists at the close of the state fiscal year ending September 30, 2005, an amount up to a maximum of \$30,000,000.00 is appropriated from that balance for the state fiscal year ending September 30, 2005 for the purposes specified in subsection (2). The total amount of funds appropriated under this subsection and subsection (2) shall not exceed \$30,000,000.00. Any funds appropriated under this subsection shall be paid in direct proportion to the amounts listed in subsection (2).

Under this language, the EO reductions can be fully or partially restored under the two conditions specified in subsection (2) and (3). The first condition is if the estimate of combined FY 2004-05 GF/GP and School Aid Fund revenue determined at the May Consensus Revenue Estimating Conference exceeds the same estimate from the January revenue conference. This estimate was determined on May 19: the May estimate exceeds the January estimate by \$16.5 million.

As a result, the FY 2004-05 operations appropriation for each state university and community college will be increased to partially restore the EO reductions. Pursuant to Section 701, the amount restored for each institution will be proportional to the amount of the EO reduction. An attached spreadsheet shows the specific restoration amounts for each institution; each amount is equal to 55.0 percent of the EO reduction. The total restoration for the 15 state universities is \$13.8 million; the total restoration for the 28 community colleges is \$2.7 million.

The total remaining net reduction is \$13.5 million. Under Section 701, this remaining reduction can be fully or partially restored if an unreserved general fund/general purpose balance exists at the close of FY 2004-05. The existence and size of such a balance will not be determined until some time after October 1, 2005.

Please call if you have questions about this information.

Attachment

c: Mitch Bean
Mary Ann Cleary
Rebecca Ross
Joelle Demand
Nancy Bohnet
Don Cooper
Dana Gill

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Restoration of EO 2005-7 Reductions

Fiscal Year 2004-05

Combined Increase in May Estimate of GF/GP and SAF Revenue:	16,500,000
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<u>University/College</u>	<u>Enacted Appropriation</u>	<u>EO 2005-7 Reduction</u>	<u>May Restoration</u>	<u>Net Reduction</u>	<u>Net % Change</u>
Central Michigan	79,910,900	(1,403,300)	771,800	(631,500)	(0.79)
Eastern Michigan	77,295,800	(1,357,400)	746,600	(610,800)	(0.79)
Ferris State	48,968,800	(859,900)	473,000	(386,900)	(0.79)
Grand Valley State	57,904,100	(1,016,800)	559,200	(457,600)	(0.79)
Lake Superior State	12,685,000	(222,900)	122,600	(100,300)	(0.79)
Michigan State	287,516,000	(5,049,100)	2,777,000	(2,272,100)	(0.79)
Michigan Tech	48,723,000	(855,600)	470,600	(385,000)	(0.79)
Northern Michigan	45,775,200	(803,700)	442,000	(361,700)	(0.79)
Oakland	48,106,100	(844,800)	464,600	(380,200)	(0.79)
Saginaw Valley State	26,140,200	(459,000)	252,500	(206,500)	(0.79)
UM - Ann Arbor	320,662,000	(5,631,100)	3,097,100	(2,534,000)	(0.79)
UM - Dearborn	24,690,000	(433,600)	238,500	(195,100)	(0.79)
UM - Flint	21,228,000	(372,800)	205,000	(167,800)	(0.79)
Wayne State*	218,108,400	(3,823,800)	2,103,100	(1,720,700)	(0.79)
Western Michigan	110,847,100	(1,946,600)	1,070,600	(876,000)	(0.79)
SUBTOTAL: UNIVERSITIES	1,428,560,600	(25,080,400)	13,794,200	(11,286,200)	(0.79)
Alpena	4,862,500	(85,400)	47,000	(38,400)	(0.79)
Bay de Noc	4,701,100	(82,600)	45,400	(37,200)	(0.79)
Delta	13,148,100	(231,000)	127,100	(103,900)	(0.79)
Glen Oaks	2,205,900	(38,800)	21,300	(17,500)	(0.79)
Gogebic	4,022,200	(70,700)	38,900	(31,800)	(0.79)
Grand Rapids	16,538,000	(290,500)	159,800	(130,700)	(0.79)
Henry Ford	20,154,800	(354,100)	194,800	(159,300)	(0.79)
Jackson	11,156,800	(196,000)	107,800	(88,200)	(0.79)
Kalamazoo Valley	11,383,600	(200,000)	110,000	(90,000)	(0.79)
Kellogg	8,943,800	(157,100)	86,400	(70,700)	(0.79)
Kirtland	2,714,500	(47,700)	26,200	(21,500)	(0.79)
Lake Michigan	4,813,500	(84,600)	46,500	(38,100)	(0.79)
Lansing	28,599,500	(502,400)	276,300	(226,100)	(0.79)
Macomb	30,514,700	(536,100)	294,900	(241,200)	(0.79)
Mid Michigan	4,070,600	(71,500)	39,300	(32,200)	(0.79)
Monroe	3,960,400	(69,600)	38,300	(31,300)	(0.79)
Montcalm	2,864,600	(50,300)	27,700	(22,600)	(0.79)
Mott	14,459,400	(254,000)	139,700	(114,300)	(0.79)
Muskegon	8,228,500	(144,600)	79,500	(65,100)	(0.79)
North Central	2,787,100	(49,000)	27,000	(22,000)	(0.79)
Northwestern	8,396,400	(147,500)	81,100	(66,400)	(0.79)
Oakland	19,249,100	(338,200)	186,000	(152,200)	(0.79)
St. Clair	6,447,600	(113,300)	62,300	(51,000)	(0.79)
Schoolcraft	11,297,400	(198,500)	109,200	(89,300)	(0.79)
Southwestern	6,064,500	(106,500)	58,600	(47,900)	(0.79)
Washtenaw	11,482,300	(201,700)	110,900	(90,800)	(0.79)
Wayne County	14,843,000	(260,800)	143,400	(117,400)	(0.79)
West Shore	2,114,400	(37,100)	20,400	(16,700)	(0.79)
SUBTOTAL: COMM. COLLEGES	280,024,300	(4,919,600)	2,705,800	(2,213,800)	(0.79)
GRAND TOTAL	1,708,584,900	(30,000,000)	16,500,000	(13,500,000)	(0.79)

*Enacted appropriation amount excludes Joe Young Sr. earmark shifted to DCH budget as part of EO 2005-7.