

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
HIGHER EDUCATION**



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	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	128,526,400	128,526,400	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	347,888,300	352,268,300	4,380,000	1.3
GF/GP	1,540,221,000	1,708,886,500	168,665,500	11.0
Gross	\$2,016,635,700	\$2,189,681,200	\$173,045,500	8.6

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Higher Education budget, contained in Article 3 of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs operated by Michigan State University; some retirement costs for employees who participate in the state public school employee retirement system; various financial aid programs for students attending public and independent colleges and universities in the state; and several other smaller higher education-related programs.

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. University Operations Increase	Gross \$1,542,797,100	\$68,932,400
Includes a net increase of \$68.9 million GF/GP for university operations, a 4.5% increase. This includes:	Restricted 343,168,300	0
	GF/GP \$1,199,628,800	\$68,932,400

- \$61.2 million GF/GP increase to operations grants for universities, with all universities receiving a 4.0% increase.
- \$7.3 million GF/GP increase to fund the second year of a three-year phase-in of a \$4,500 funding floor based on fiscal year equated students (FYES).
- \$376,000 GF/GP increase based on FY 2021-22 North American Indian Tuition Waiver program costs reported by institutions.

Attainment of the operations increase and FYES floor funding would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 4.5% or \$676 (set at 5.0% or \$722 in the current year). Projected funding changes for universities would range from 3.7% to 9.1%. Total funding for operations would be \$1.6 billion Gross (\$1.3 billion GF/GP).

2. Michigan State University Extension and AgBioResearch Programs Increase	Gross \$68,327,100	\$2,733,100
	GF/GP \$68,327,100	\$2,733,100

Includes a total increase of \$2.7 million GF/GP for MSU's AgBioResearch and Extension program funding. This includes an ongoing operations increase for the MSU AgBioResearch program of \$1.5 million GF/GP and an ongoing operations increase of \$1.3 million GF/GP for the MSU Extension program. These adjustments represent a 4.0% increase for both programs. Total funding for AgBioResearch and Extension programs would be \$71.1 million GF/GP.

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
3. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$70,000	(\$70,000)
	Restricted	70,000	(70,000)
	GF/GP	\$0	\$0
Removes \$70,000 School Aid Fund (SAF) for the state's share of the universities' MPERS UAAL contribution, a 100.0% decrease. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Due to an one-time FY 2021-22 MPERS deposit, the amount needed for the state share was reduced due to no institution being above the payroll contribution cap based on projections from the Office of Retirement Services.			
4. MPERS Normal Cost Offset	Gross	\$4,650,000	\$4,450,000
	Restricted	4,650,000	4,450,000
	GF/GP	\$0	\$0
Increases reimbursement funding provided to universities by \$4.5 million SAF, a 95.7% increase, due to lowering the assumed rate of return for MPERS from 6.8% to 6.0% pursuant to the dedicated gains policy. Total funding for the MPERS Normal Cost Offset would be \$9.1 million SAF.			
5. Michigan Achievement Scholarship/Post-Secondary Scholarship Fund Deposit	Gross	\$250,000,000	\$100,000,000
	Restricted	0	0
	GF/GP	\$250,000,000	\$100,000,000
Includes a net increase of \$100.0 million GF/GP deposit into the Post-Secondary Scholarship Fund, a 40.0% increase, which is the funding source for Michigan Achievement Scholarships. The deposit includes a \$50.0 million GF/GP ongoing and a \$50.0 million GF/GP one-time deposit into the fund. The scholarships are awarded to eligible in-state students that graduate high school or achieve an equivalency certificate in 2023 or after and attend an eligible Michigan public university, community college, tribal college or independent nonprofit college or university full-time. After a total \$350.0 million GF/GP deposit into the Post-Secondary Scholarship Fund, total funding for Michigan Achievement Scholarships for FY 2023-24 would be \$350.0 million restricted.			
6. Michigan Competitive Scholarship	Gross	\$29,861,700	(\$3,000,000)
	Federal	23,930,800	0
	GF/GP	\$5,930,900	(\$3,000,000)
Decreases funding for Michigan Competitive Scholarships by \$3.0 million GF/GP. The scholarships are awarded to students with a qualifying SAT score and demonstrated financial need. The reduction is due to the anticipated phase-out of the scholarship program as student awards increase under the new Michigan Achievement Scholarship program. Total funding for Michigan Competitive Scholarships would be \$26.9 million Gross (\$2.9 million GF/GP).			

Major Boilerplate Changes from FY 2022-23

Consolidation of Boilerplate Reporting Requirements

The executive recommendation consolidates various reporting requirements into Sections 241a, 241b, and 241c. The following sections were revised or deleted to facilitate the consolidation (unless otherwise stated section was DELETED):

- Section 241a: Sections 241 – HEIDI reporting (revised), 245 – Transparency Website (see additional details below), and 245a – Campus Safety Information and Resources
- Section 241b: Sections 265b – Operations Funding Criteria and Sexual Assault/Title IX Standards (see additional details below), 274c – Sexual Assault Response Training Reporting, and 274d – Annual Clery Act/Security Reporting
- Section 241c: Sections 265 – Performance Funding Tuition and Fees Restraint Requirement and 267 – Tuition and Fees Rate Reporting Requirement

Major Boilerplate Changes from FY 2022-23

Sec. 236h. MPERS One-Time Payment Detail – DELETED

Deletes language that details the \$384.7 million one-time payment for MPERS unfunded actuarial accrued liability contributions to the system for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western) and states payments will be distributed no later than September 30, 2022.

Sec. 236k. Fiscal Year Equated Student (FYES) Funding Floor – REVISED

Details the three-year implementation of a \$4,500 FYES funding floor for each university below the per-student funding calculation. Revises calculation from three years to two years for the universities below the funding calculation.

Sec. 241a. Annual University HEIDI and Public Reporting Requirements – NEW

Adds language originally located in Sections 241, 245, and 245a that details various annual reporting requirements around university finances, safety, and institutional data, along with posting information on a public website.

Sec. 241b. Annual University Safety and Title IX Reporting Requirements – NEW

Adds language originally located in Sections 265b, 274c, and 274d that requires universities to submit their annual Clery Act security report, a Title IX summary report and certify compliance on Title IX reporting requirements.

Sec. 241c. University Tuition and Fee Restraint and Annual Rate Reporting Requirements – NEW

Adds language originally located in Sections 265 and 267 that requires tuition and fee data to be submitted to the HEIDI database and a report of any revisions to tuition and fees within 15 days of adoption, and specifies tuition and fee restraint requirements in order to receive the operations increase and FYES student floor funding for FY 2023-24, set at 4.5% or \$676, whichever is greater (currently set at 5.0% or \$722).

Sec. 245. Transparency Website and Various Reporting Requirements – DELETED

Requires each university to post on its website and submit to the state budget director, who will report the data to the legislature all of the following: specified data on budget, revenue, expenditures, and employee compensation; university performance data; information on transfer policies and opportunities for high school students to earn college credit; collective bargaining agreements; benefit plans; audits; and Free Application for Federal Student Aid (FAFSA) information. Allows state budget director to withhold payments for noncompliance. Deletes and relocates reporting requirements to Section 241a, deletes language on transfer policies and earning college credit.

Sec. 246. Michigan Public School Employees' Retirement System (MPERS) Appropriation – DELETED

Deletes language that allocates MPERS funding based on each participating university's percentage of the total combined payrolls of employees who are MPERS members hired before January 1, 1996, and employees who would have been members but for enactment of 1995 PA 272, which closed the system to new hires. A university's MPERS payment would be equal to the difference between the unfunded actuarial accrued liability contribution rate and the employer contribution cap of 25.73% of applicable payroll set by 2016 PA 136.

Sec. 251. Michigan Competitive Scholarship Program Detail – REVISED

Provides for distribution of funds appropriated for State Competitive Scholarships. Specifies grant amount of \$1,500, unless insufficient funds are available, in which case a report is required. Students enrolled less than full-time in a semester or term will receive a proportional scholarship amount. Adds language detailing students enrolled in college after the end of FY 2022-23 would be ineligible for the scholarship due to potential eligibility for the Michigan Achievement Scholarship.

Sec. 252. Tuition Grant Program Detail – REVISED

Provides for distribution of funds appropriated for Tuition Grants; specifies grant amount of \$2,800, unless insufficient funds are available, in which case a report is required. Deletes language that specifies that the \$5.0 million institutional cap does not apply to any other student financial aid program or in combination with any other financial aid program.

Sec. 265a. Performance Funding Formula Detail and Additional Requirements – DELETED

Deletes language that includes requirements for a university to receive the performance funding increase and details performance funding formula.

Sec. 265b. Operations Funding Criteria and Sexual Assault/Title IX Standards – DELETED

Penalizes universities with a 10% reduction in operations funding for schools that fail to submit certification of compliance to the state budget director on Title IX reporting requirements found in sections 274c and 274d and a number of other requirements. Deletes and relocates Title IX reporting requirements to Section 241b, removes 10% penalty.

Sec. 265d. Sexual Misconduct Memorandum of Understanding – DELETED

Deletes language that encourages public universities to enter into at least one memorandum of understanding (MOU) with a local law enforcement agency for communication and response coordination of sexual assault incidents.

Major Boilerplate Changes from FY 2022-23

Sec. 265e. *Distribution of Sexual Assault Prevention, Safety, and Mental Health Funds* – DELETED

Deletes language that encourages universities to use a portion of operations funding for sexual assault prevention, campus safety, and student mental health programs.

Sec. 265f. *College Level Equivalent Credit Examination Requirements* – DELETED

Deletes language that requires public universities to develop and implement policies for awarding academic credit for college level equivalent credit examinations, allow students to earn college credit through exams once enrolled, post the policies and opportunities for credit examinations and submit a report if the university requires exam scores higher than those recommended by the American Council on Education to earn credit through examinations.

Sec. 265g. *Accelerated Degree Completion Pathways Requirement* – DELETED

Deletes language that requires public universities to provide all students with information on accelerated degree completion pathways within the first semester of enrollment, post the information on a public website and create accelerated degree completion pathways if they do not exist. Independent colleges and universities are encouraged to create accelerated degree completion pathways.

Sec. 266a. *University Declining Enrollment Testimony* – DELETED

Deletes legislative intent language that states public universities who have a 10% decline in enrollment since 2012 may be called to testify to the House or Senate Higher Education appropriation subcommittees to answer questions on enrollment, finances, tuition and possible consolidation of services with another public university.

Sec. 268. *North American Indian Tuition Waiver Reporting Requirements* – REVISED

States legislative intent that funds be allocated for unfunded Indian Tuition Waiver costs at public universities from the General Fund. Requires Department of Civil Rights to report certain information related to the waivers by January 15, and requires universities and tribal colleges receiving waiver pass-through funding to provide data under guidelines and procedures developed by the Department of Civil Rights by January 1. Deletes legislative intent language that states unfunded Indian Tuition Waiver costs be allocated from the General Fund.

Sec. 269. *Saginaw Chippewa Tribal College North American Indian Tuition Waiver Funding* – REVISED

Specifies a \$31,000 pass-through payment from Central Michigan's North American Indian Tuition Waiver appropriation to Saginaw Chippewa Tribal College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to the Department of Civil Rights. Revises payment from \$31,000 to \$63,200.

Sec. 270c. *Keweenaw Bay Ojibwa Community College North American Indian Tuition Waiver Funding* – REVISED

Specifies an \$87,800 pass-through payment from Northern Michigan's North American Indian Tuition Waiver appropriation to Keweenaw Bay Ojibwa Community College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to the Department of Civil Rights. Revises payment from \$87,800 to \$90,200.

Sec. 271a. *Union-Related Activities Prohibition* – DELETED

Deletes legislative intent language that prohibits universities from knowingly and directly using state funds to offer instructional activity that targets specific companies or specific groups of companies for unionization or decertification of a union.

Sec. 274. *Embryonic Stem Cell Research Reporting* – DELETED

Deletes legislative intent language that requires universities conducting research using human embryonic stem cells to report to the Department of Health and Human Services regarding compliance with federal guidelines and stem cell lines derived by university.

Sec. 275. *University Veteran-Friendly Policies* – REVISED

Requires universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services. Requires report on program participation. States universities should consider all veterans as in-state residents for determining tuition/fees and waive enrollment fees for all veterans. Requires reasonable programming and scheduling accommodation for military duties and training obligations. Requires report on all services provided specific to veterans and active duty military personnel. Requires universities to provide college-level equivalent credit examination opportunities for veterans, active military members, National Guard or military reserves, and to grant college credit or create a structure that awards college credit for military service and prior experiences. Deletes reporting requirements on program participation and services provided.

Sec. 275d. *Communication with the Legislature* – DELETED

Deletes legislative intent language that urges a university to not take disciplinary action against an employee for communicating with the legislature.

Major Boilerplate Changes from FY 2022-23

Sec. 275f. Free and Open Speech Policies Reporting Requirement – DELETED

Deletes legislative intent language that requires universities to report on activities related to strategic planning or assessment of policies that provide for open and free speech while protecting students from hate speech and discrimination.

Sec. 275g. COVID-19 Federal Funding Reporting Requirement – DELETED

Deletes language that requires universities to report all federal funding received related to the COVID-19 pandemic and requires report to be posted on a public website.

Sec. 275h. Campus Advocacy Policy – DELETED

Deletes legislative intent language that requires universities adopt advocacy policies for distribution and demonstrations around first amendment activities and political speech.

Sec. 275i. University COVID-19 Vaccination Exemption Requirement – DELETED

Deletes language that details exemptions and reporting requirements that universities must provide to students and employees if a campus mandatory vaccine policy is implemented.

Sec. 276. Martin Luther King, Jr. – Cesar Chavez – Rosa Parks (KCP) Future Faculty Program – REVISED

Provides for program, funded by allocations from public university appropriations, intended to increase number of academically or economically disadvantaged candidates pursuing faculty teaching careers, and details requirements of unexpended and unencumbered program funds. Revises reporting deadline and unexpended funds deadline.

Sec. 281a. KCP Reporting Requirements – DELETED

Deletes language that requires public universities to report various data about the six support programs behind the King-Chavez-Parks university programs to the Department of Labor and Economic Opportunity by December 15 and requires the Department report the compiled information to the legislature and state budget director by February 15.

		<u>FY 2022-23 Recommendation</u>
<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>		
1. Infrastructure, Technology, Equipment, and Maintenance (ITEM)	Gross	\$141,277,500
Includes \$141.5 million GF/GP for ITEM. The funds would allow public universities to repair, improve, or maintain existing buildings, facilities, equipment and technological and physical infrastructure. Individual university allocations would be distributed based on calculated FY 2021-22 fiscal year equated student (FYES) enrollment.	GF/GP	\$141,277,500
2. Student Wellness Fund	Gross	\$38,851,300
Includes \$38.9 million GF/GP of one-time funding for the creation of the student wellness fund. The funds would allow public universities to identify and address student wellness and mental health needs through campus support services. Individual university allocations would be distributed based on calculated FY 2021-22 FYES enrollment.	GF/GP	\$38,851,300

**FY 2023-24 University Operations Appropriations
Executive Recommendation**

University	Total FY 2022-23 FY 2022-23 Appropriation	FY 2022-23 Indian Tuition Waiver Payment	FY 2022-23 Base Appropriation	Total Ongoing Operations Increase	FY 22 Indian Tuition Waiver Cost	Indian Tuition Waiver Pass Through Payments	Indian Tuition Waiver Adjustment	Total FY24 Indian Tuition Waiver Payment	FYES Funding Floor Supplemental Payment	Total FY 2023-24 Appropriation	Percent Change	Change From FY 2022-23 Total
Central	\$91,145,100	\$1,793,100	\$89,352,000	\$3,574,100	\$1,531,000	\$63,200	(\$167,900)	\$1,625,200	\$0	\$94,551,300	3.7%	\$3,406,200
Eastern	79,152,400	353,600	78,798,800	3,152,000	406,000	0	52,400	406,000	0	82,356,800	4.0%	3,204,400
Ferris	56,952,900	826,900	56,126,000	2,245,000	714,200	0	(112,700)	714,200	0	59,085,200	3.7%	2,132,300
Grand Valley	81,253,800	1,279,300	79,974,500	3,199,000	1,253,800	0	(25,500)	1,253,800	4,180,500	88,607,800	9.1%	7,354,000
Lake Superior	14,361,900	788,800	13,573,100	542,900	938,500	0	149,700	938,500	0	15,054,500	4.8%	692,600
Michigan State	303,727,700	2,046,400	301,681,300	12,067,300	1,943,800	0	(102,600)	1,943,800	0	315,692,400	3.9%	11,964,700
Michigan Tech	51,951,000	847,400	51,103,600	2,044,100	866,900	0	19,500	866,900	0	54,014,600	4.0%	2,063,600
Northern	50,751,100	1,161,300	49,589,800	1,983,600	1,160,500	90,200	177,200	1,338,500	0	52,911,900	4.3%	2,160,800
Oakland	60,761,900	355,300	60,406,600	2,416,300	331,800	0	(23,500)	331,800	2,853,800	66,008,500	8.6%	5,246,600
Saginaw Valley	32,274,600	188,300	32,086,300	1,283,500	203,900	0	15,600	203,900	0	33,573,700	4.0%	1,299,100
UM-Ann Arbor	339,198,000	837,700	338,360,300	13,534,400	1,290,500	0	452,800	1,290,500	0	353,185,200	4.1%	13,987,200
UM-Dearborn	28,115,900	246,200	27,869,700	1,114,800	185,500	0	(60,700)	185,500	292,500	29,462,500	4.8%	1,346,600
UM-Flint	25,159,200	384,400	24,774,800	991,000	391,200	0	6,800	391,200	0	26,157,000	4.0%	997,800
Wayne State	213,639,700	353,100	213,286,600	8,531,500	403,600	0	50,500	403,600	0	222,221,700	4.0%	8,582,000
Western	114,351,900	599,300	113,752,600	4,550,100	543,700	0	(55,600)	543,700	0	118,846,400	3.9%	4,494,500
TOTAL:	\$1,542,797,100	\$12,061,100	\$1,530,736,000	\$61,229,600	\$12,164,900	\$153,400	\$376,000	\$12,437,100	\$7,326,800	\$1,611,729,500	4.5%	\$68,932,400

Requirements to receive operations increase for FY 2023-24:

1. Restrain FY 2023-24 resident undergraduate tuition/fee rate increase to 4.5% or \$676 (whichever is greater)