HIGHER EDUCATION

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The fiscal information in this background briefing is based on data through January 1, 2010.
Constitutional Provisions

Article VIII of the State Constitution:

- **Section 4**: Requires Legislature to appropriate funds to maintain Michigan’s 15 state universities.

- **Section 5**: Provides for elected boards of control for University of Michigan, Michigan State, and Wayne State.

- **Section 6**: Provides for appointed boards of control for remaining state universities.

- **Sections 5 and 6**: Grants each university board control and direction of all expenditures from institution’s funds.

- Higher Education budget includes funds to fulfill constitutional requirement for financial support of state university operations.
## State Universities

<table>
<thead>
<tr>
<th>University</th>
<th>Abbreviation</th>
<th>Founded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Michigan University</td>
<td>CMU</td>
<td>1892</td>
</tr>
<tr>
<td>Eastern Michigan University</td>
<td>EMU</td>
<td>1849</td>
</tr>
<tr>
<td>Ferris State University</td>
<td>FSU</td>
<td>1884</td>
</tr>
<tr>
<td>Grand Valley State University</td>
<td>GVSU</td>
<td>1960</td>
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<tr>
<td>Lake Superior State University</td>
<td>LSSU</td>
<td>1946</td>
</tr>
<tr>
<td>Michigan State University</td>
<td>MSU</td>
<td>1855</td>
</tr>
<tr>
<td>Michigan Tech. University</td>
<td>MTU</td>
<td>1885</td>
</tr>
<tr>
<td>Northern Michigan University</td>
<td>NMU</td>
<td>1899</td>
</tr>
<tr>
<td>Oakland University</td>
<td>OU</td>
<td>1957</td>
</tr>
<tr>
<td>Saginaw Valley State University</td>
<td>SVSU</td>
<td>1963</td>
</tr>
<tr>
<td>University of Michigan – Ann Arbor</td>
<td>UM</td>
<td>1817</td>
</tr>
<tr>
<td>University of Michigan – Dearborn</td>
<td>UMD</td>
<td>1959</td>
</tr>
<tr>
<td>University of Michigan – Flint</td>
<td>UMF</td>
<td>1956</td>
</tr>
<tr>
<td>Wayne State University</td>
<td>WSU</td>
<td>1868</td>
</tr>
<tr>
<td>Western Michigan University</td>
<td>WMU</td>
<td>1903</td>
</tr>
</tbody>
</table>
Higher Education Appropriations

FY 2009-10 Higher Education appropriations are roughly 16.3 percent lower than they were in FY 2001-02 (not adjusting for inflation).

Note: Delayed payments in 2004 and 2007 are reflected in original budget years.
SOURCES OF FUNDING
Revenue Sources

Primary revenue source for Higher Education budget is state GF/GP; $68.2 million in federal ARRA revenue available in FY 2009-10 only.

FY 2009-10 Total = $1.61 Billion

State GF/GP $1,507,705,200 93.5%
Other Federal $5,900,000 0.4%
Federal ARRA $68,238,000 4.2%
State Restricted $30,400,100 1.9%
Share of State GF/GP

FY 2009-10 GF/GP Total = $8.13 Billion

- Higher Education: $1,507,705,200 (18.5%)
- All Other Budgets: $6,620,334,000 (81.5%)
STATE SPENDING
Budget Description

The line item section of the FY 2009-10 Higher Education budget act is divided into three subparts:

- Research universities (Subpart A)
- State universities (Subpart B)
- Student financial aid and other higher education-related programs (Subpart C)

All but 5.4% of FY 2009-10 Higher Education funding is appropriated to the 15 public universities for operations or other purposes.
Higher Education Budget

FY 2009-10 Total = $1.61 Billion

- State Universities: $623,664,300 (38.7%)
- Research Universities: $901,214,200 (55.9%)
- Financial Aid/Other: $87,364,800 (5.4%)
FY 2009-10 University Operations Grants

Millions

LSSU $13.1
UMF $21.5
UMD $25.4
SVSU $28.5
NMU $46.4
MTU $49.3
FSU $50.0
OU $52.2
GVSU $63.8
EMU $78.2
CMU $82.4
WMU $112.8
WSU $220.3
MSU $291.8
UM $325.3

State Universities (Subpart B)

Research Universities (Subpart A)
Two separate appropriations are made to Michigan State annually:

- **Agricultural Experiment Station: $34.2 million**
  Agriculture research program operated by MSU at 14 facilities across state.

- **Cooperative Extension Service: $29.5 million**
  Program jointly funded by counties to extend MSU’s public service mission across state in a variety of program areas:
  - Agriculture
  - Community and Economic Development
  - Family and Consumer Sciences
  - 4-H Youth Development
  - Natural Resources

- Of total FY 2009-10 funding of $63.7 million for the two programs, $27.8 million is appropriated from federal ARRA funds available for one year only.
Financial Aid Programs

- **Tuition Grants**
  Need-based awards to students attending independent colleges.

- **State Competitive Scholarships**
  Awards to students with both qualifying ACT score and financial need.

- **Tuition Incentive Program**
  Payment of associate’s degree tuition costs and up to $2,000 for bachelor’s degree for Medicaid-eligible individuals.

- **Project GEAR UP**
  Federally-funded awards targeted to students in urban school districts.

- **Robert C. Byrd Honors Scholarship Program**
  Federally-funded awards to outstanding high school graduates.

- **Children of Veterans Tuition Grant Program**
  Grants to children of deceased or disabled veterans.
Financial Aid Funding

FY 2009-10 Total = $84.5 Million

- Tuition Grants
  - $31,664,700
  - 37.5%
- State Competitive Scholarships
  - $17,608,500
  - 20.8%
- Other
  - $4,000,100
  - 4.7%
- Tuition Incentive Program
  - $31,200,000
  - 36.9%
Other Higher Education Programs

- **King-Chavez-Parks:** $2.7 million GF/GP
  Grant programs to increase participation of academically or economically disadvantaged students in postsecondary education.

- **Higher Education Database:** $105,000 GF/GP
  Maintenance of Higher Education Institutional Data Inventory (HEIDI), to which state universities submit enrollment/finance data annually.

- **Midwestern Higher Education Compact:** $95,000 GF/GP
  Dues for interstate compact to realize economies of scale.
MAJOR BUDGET ISSUES
University Operations Funding

- No constitutional or statutory provisions exist to govern distribution of funding to public universities. Decisions made on a year-to-year basis by the Legislature.

- Appropriations often calculated on a per-student basis to control for varying enrollments of universities. Calculation based on fiscal year equated students (FYES):
  - FYES = credit hours divided by 30 (undergraduate level)
  - Calculation usually made using total FYES (undergraduates + graduates; residents + nonresidents)

- Methods used in recent years to determine funding changes have included the following:
  - Across-the-board adjustments
  - Per-FYES funding floor
  - Allocations based on degree completions, research funds, Pell Grants, etc.

- For FY 2009-10, $40.4 million (roughly 3%) appropriated to 15 universities from federal ARRA revenue available for one year only, partially offsetting GF/GP reductions.
University Appropriations per Student

FY 2009-10 appropriations per FY 2008-09 FYES vary from $2,949 to $9,104.
Historical University Appropriations per Student

Total FY 2009-10 university appropriations per FYES (two years prior) are 19.2 percent lower than they were in FY 2000-01—or 34.9 percent lower on an inflation-adjusted basis.
University Classification

- Beginning with fiscal year 2007-08, budget act distinguishes between Research Universities and other State Universities. Initially, budget act contained separate articles; for FY 2009-10, subparts in line item section are utilized.

- Boilerplate language defines a Research University as a public university classified as a “research university (very high research activity)” under the 2005 Carnegie Classifications:
  - Michigan State University
  - University of Michigan-Ann Arbor
  - Wayne State University

- Carnegie Foundation classifies postsecondary institutions into various categories, utilizing data on (1) academic degree-granting activity at various levels and (2) research-related activities.
FY 2009-10 Financial Aid Reductions

- Appropriations for five financial aid programs eliminated:
  - Michigan Promise Grant Program ($140.0 million in FY 2009-10 Exec Rec)
  - Michigan Work Study Program ($7.3 million in FY 2008-09)
  - Nursing Scholarship Program ($4.25 million in FY 2008-09)
  - Part-Time Independent Student Program ($2.7 million in FY 2008-09)
  - Michigan Education Opportunity Grants ($2.1 million in FY 2008-09)

- Appropriation for State Competitive Scholarships reduced from $35.5 million to $17.6 million (50.4%):
  - Maximum award amount lowered from $1,300 to $510

- Appropriation for Tuition Grants reduced from $56.7 million to $31.7 million (44.1%):
  - Graduate student eligibility eliminated
  - Cap of $3.0 million per institution implemented (affects students at Baker College and Davenport University)
  - Maximum award amount lowered from $2,100 to $1,610

- Overall reduction of $63.9% in state funding for financial aid programs, from $217.5 million in FY 2008-09 to $78.6 million in FY 2009-10.
Changes in State-Funded Financial Aid by Category

Note: Excludes federally-funded programs
PUBLIC UNIVERSITY DATA
Key Data Definitions

- Pursuant to budget bill language, the 15 state universities annually submit enrollment, finance, and other institutional data to the state’s Higher Education Institutional Data Inventory (HEIDI).

- Enrollment definitions:
  - Student Headcount: Number of individual students enrolled for at least one class at a university.
  - Fiscal Year Equated Students (FYES): Calculated equivalent of the number of full-time students enrolled at a university.

- Finance definitions:
  - Current Fund: All revenue/expenditures for current operations—including auxiliary operations, such as hospitals and dormitories, and operations funded from restricted sources, such as research.
  - General Fund: Subset of current fund revenue/expenditures for instruction and related activities; vast majority of revenue consists of state appropriations and student tuition/fees.
FY 2008-09 Public University Enrollments

FYE
Headcount
FYES
University Enrollment Growth
FY 2000-01 to FY 2008-09

Note: Changes based on total
Fiscal Year Equated Students (FYES)
Public University General Fund Revenue
FY 2008-09 Total = $5.0 Billion

- Tuition and Fees: $3,126,938,367 (63.1%)
- State Appropriations: $1,466,971,589 (29.6%)
- Other: $363,265,842 (7.3%)
Public University General Fund Revenue Source History

Tuition and Fees

State Appropriations

Other

% of Total GF Revenue

FY77 FY79 FY81 FY83 FY85 FY87 FY89 FY91 FY93 FY95 FY97 FY99 FY01 FY03 FY05 FY07 FY09

House Fiscal Agency: January 2010
State University General Fund
Revenue per FYES: FY 2007-08
### Average Resident Undergraduate Tuition and Fee Rate

<table>
<thead>
<tr>
<th>FY</th>
<th>Amount ($)</th>
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<tbody>
<tr>
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<tr>
<td>FY10</td>
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Tuition Rates and State Funding

Avg. Resident Undergrad. Tuition/Fee Rate

% Change From Prior Year

State Funding/FYES

Based on FY 2008-09 FYES
Public University General Fund Expenditures
FY 2008-09 Total = $5.0 Billion

- Instruction: $1,989,861,196 (39.7%)
- Institution Support: $493,783,198 (9.9%)
- Plant Op and Maintenance: $561,846,928 (11.2%)
- Financial Aid: $456,275,606 (9.1%)
- Aux Enterprises: $34,945,130 (0.7%)
- Transfers: $358,468,190 (7.2%)
- Research: $222,358,848 (4.4%)
- Public Service: $45,044,529 (0.9%)
- Academic Support: $619,242,500 (12.4%)
- Student Service: $231,129,522 (4.6%)
Total Public University General Fund Expenditures per FYES

Expenditures/FYES

FY90 FY91 FY92 FY93 FY94 FY95 FY96 FY97 FY98 FY99 FY00 FY01 FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09

Nominal Expends/FYES
Adjusted for US CPI
Adjusted for Higher Ed Price Index
Degree Completions at Public Universities

[Bar chart showing degree completions from FY90 to FY09, with categories for Professional, Doctoral, Master's, Bachelor's, and Associate's degrees.]
Additional Background Information

Available at http://www.house.mi.gov/hfa/highed.asp:

- **State Financial Aid Funding for Postsecondary Education** (September 2008)
- **State University Appropriations** (November 2006)
- **Degree Completions at State Universities** (May 2006)
- **Net Tuition Costs After Financial Aid at State Universities** (November 2004)
For more information about the Higher Education budget, contact:

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