

# State funding for Higher Education

## Fiscal Year 2012-13

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### FOCUS DISCUSSION

# OVERVIEW OF HIGHER EDUCATION BUDGET BILLS FISCAL YEAR 2012-13

- ***Similar components (Executive, House and Senate):***

- NMU receives about a 3% increase
- One-time funding – no base increase to state funding (reset state funding at end of FY2012-13 to the FY2011-12 level)
- Include outcome-based measures as a portion of funding
- Rewards total degree completions and/or graduation rates
- Tuition restraint components
- Provides some funding to offset a portion of increase in MPSERS costs for the seven (7) MPSERS universities

# EXECUTIVE BUDGET BILL

## FISCAL YEAR 2012-13

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- *One-time funding provided for four performance factor components:*
  - 25% of performance funding for 3-year average growth in undergraduate degree completions (does not include certificate or advanced degrees)
  - 25% of performance funding for 3-year average growth undergraduate degree completions in STEM + health
  - 25% of performance funding for 3-year average number of Pell-eligible students
  - 25% of performance funding based on tuition restraint (cap of 4% to be eligible)
- No redistribution of current level of state appropriation
- Additional funding to partially offset increase MPSERS costs for the seven (7) MPSERS universities
- NMU would receive **one-time** funding of **3.4%** under Executive Budget Bill

# HOUSE BUDGET BILL

## FISCAL YEAR 2012-13

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- *100% of Performance Funding is focused on proration of two-year average of total undergraduate degrees awarded:*
  - Funds certificate, associate, and baccalaureate degrees awarded
  - Higher allocations for degrees in STEM + health + accounting
  - Redistributes 1% of current appropriation into formula funding pool
- Tuition restraint – is a multifaceted equation
  - No additional funding for tuition restraint – only makes you eligible to receive performance funding
- Total of five (5) requirements need to be met (including tuition restraint, to be eligible for performance funding)
- Additional funding to partially offset increase MPSERS costs for the seven (7) MPSERS universities
- NMU would receive **one-time** funding of **3.0%** under House Bill

# SENATE BUDGET BILL

## FISCAL YEAR 2012-13

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- *50% of funding is proportional to current base appropriation*
- *25% of funding is based on eight (8) performance factors (metrics are more closely tied to the Business Leaders for Michigan (BLM) model)*
  - Graduation rates, Retention rates, and Degree-completions (only includes associate, baccalaureate and advanced degrees)
  - Research and development
  - Average price of attendance for students receiving aid
  - Institutional support
  - Pell-eligible students
- 25% of funding is provided under tuition restraint model
  - Tuition restraint cap of 3.5% (eligible for additional funding if qualify)
- Additional funding to partially offset increase MPSERS costs for the seven (7) MPSERS universities
- NMU would receive **one-time** funding of **3.3%** under Senate Bill

# EXECUTIVE BUDGET FUNDING PERFORMANCE GRID

University	Current FY12 Approp	Metric 1		Metric 2		Metric 3		Subtotal Metric 1, 2 and 3		
		3-Yr Avg Change in Degrees 09-11	Funding at \$17,191.61 per Completion	3-Yr Avg Change in Degrees 09-11	Funding at \$684.97 per Completion	3-Yr Avg Number of Pell Students 08-10	Funding at \$154.61 per Student	Formula Subtotal	Subtotal FY13 Approp	Percent Increase
CMU	\$68,108,900	78.0	\$1,340,946	620.0	\$424,681	5,214.0	\$806,137	\$2,571,764	\$70,680,664	3.78%
EMU	\$64,619,100	11.7	\$200,569	597.7	\$409,384	5,752.3	\$889,368	\$1,499,321	\$66,118,421	2.32%
FSU	\$41,324,300	69.3	\$1,191,952	1,070.7	\$733,375	4,249.0	\$656,938	\$2,582,264	\$43,906,564	6.25%
GVSU	\$52,677,400	145.0	\$2,492,783	1,065.0	\$729,493	5,005.0	\$773,823	\$3,996,100	\$56,673,500	7.59%
LSSU	\$10,789,500	0.0	\$0	165.3	\$113,248	866.3	\$133,944	\$247,192	\$11,036,692	2.29%
MSU	\$241,120,800	25.7	\$441,251	2,511.0	\$1,719,960	7,351.0	\$1,136,538	\$3,297,749	\$244,418,549	1.37%
MTU	\$40,733,600	0.0	\$0	893.2	\$611,792	1,233.3	\$190,686	\$802,478	\$41,536,078	1.97%
<b>NMU</b>	<b>\$38,367,400</b>	<b>33.7</b>	<b>\$578,784</b>	<b>406.7</b>	<b>\$278,554</b>	<b>2,813.0</b>	<b>\$434,918</b>	<b>\$1,292,257</b>	<b>\$39,659,657</b>	<b>3.37%</b>
<i>NMU % chg</i>			<i>1.51%</i>		<i>0.73%</i>		<i>1.13%</i>	<i>3.37%</i>		
<i>NMU +/- avg</i>			<i>+0.76%</i>		<i>-0.02%</i>		<i>+0.38%</i>	<i>+1.12%</i>		<i>+1.12%</i>
OU	\$43,145,000	34.7	\$595,976	789.0	\$540,441	2,996.0	\$463,212	\$1,599,629	\$44,744,629	3.71%
SVSU	\$23,561,500	29.3	\$504,287	329.0	\$225,355	2,531.3	\$391,369	\$1,121,012	\$24,682,512	4.76%
UM-AA	\$268,803,300	98.3	\$1,690,508	2,438.3	\$1,670,185	3,437.3	\$531,446	\$3,892,140	\$272,695,440	1.45%
UM-D	\$21,016,300	0.0	\$0	333.7	\$228,552	2,218.3	\$342,977	\$571,528	\$21,587,828	2.72%
UM-F	\$17,762,400	1.0	\$17,192	321.3	\$220,104	2,142.0	\$331,175	\$568,470	\$18,330,870	3.20%
WSU	\$182,036,900	0.0	\$0	708.0	\$484,959	7,744.7	\$1,197,403	\$1,682,362	\$183,719,262	0.92%
WMU	\$93,168,300	0.0	\$0	969.7	\$664,193	5,006.3	\$774,029	\$1,438,222	\$94,606,522	1.54%
<b>Total</b>	<b>\$1,207,234,700</b>	<b>526.7</b>	<b>\$9,054,248</b>	<b>13,218.5</b>	<b>\$9,054,276</b>	<b>58,560.0</b>	<b>\$9,053,962</b>	<b>\$27,162,485</b>	<b>\$1,234,397,185</b>	<b>2.25%</b>
% change			<b>0.75%</b>		<b>0.75%</b>		<b>0.75%</b>	<b>2.25%</b>		

# HOUSE FISCAL AGENCY

## FUNDING PERFORMANCE GRID

<i>University</i>	<b>FY12 Approp</b>	<b>1% Reduction</b>	<b>Proportional Allocation for Two-year avg of Total Undergraduate</b>		
			<b>Degrees Awarded</b>	<b>Net Approp Increase</b>	<b>Pct Increase</b>
CMU	\$68,108,900	(\$681,089)	\$3,705,718	\$3,024,600	4.4%
EMU	\$64,619,100	(\$646,191)	\$3,092,418	\$2,446,200	3.8%
FSU	\$41,324,300	(\$413,243)	\$3,092,261	\$2,679,000	6.5%
GVSU	\$52,677,400	(\$526,774)	\$4,425,415	\$3,898,700	7.4%
LSSU	\$10,789,500	(\$107,895)	\$559,631	\$451,700	4.2%
MSU	\$241,120,800	(\$2,411,208)	\$9,202,630	\$6,791,400	2.8%
MTU	\$40,733,600	(\$407,336)	\$1,683,648	\$1,276,300	3.1%
<b>NMU</b>	<b>\$38,367,400</b>	<b>(\$383,674)</b>	<b>\$1,530,323</b>	<b>\$1,146,700</b>	<b>3.0%</b>
OU	\$43,145,000	(\$431,450)	\$2,854,958	\$2,423,500	5.6%
SVSU	\$23,561,500	(\$235,615)	\$1,337,386	\$1,101,800	4.7%
UM-AA	\$268,803,300	(\$2,688,033)	\$7,475,400	\$4,787,400	1.8%
UM-D	\$21,016,300	(\$210,163)	\$1,292,235	\$1,082,100	5.1%
UM-F	\$17,762,400	(\$177,624)	\$1,109,123	\$931,500	5.2%
WSU	\$182,036,900	(\$1,820,369)	\$2,795,593	\$975,200	0.5%
WMU	\$93,168,300	(\$931,683)	\$4,132,561	\$3,200,900	3.4%
<b>Total</b>	<b>\$1,207,234,700</b>	<b>(\$12,072,347)</b>	<b>\$48,289,300</b>	<b>\$36,217,000</b>	<b>3.0%</b>

**To be eligible to receive Performance Funding universities must meet the following five (5) requirements (redistribution of funds not earned):**

- 1) Tuition Restraint Limit (at or below tuition restraint limit)
- 2) Reporting on embryonic stem cell research
- 3) Certification that university participates in reverse transfer agreements with at least 3 Michigan community colleges
- 4) Certification that dual enrollment policy does not consider use of credits toward high school graduation requirements
- 5) Certification that university does not compel resident undergraduate students to carry health insurance

# SENATE FISCAL AGENCY FUNDING PERFORMANCE GRID

	% of Students Graduating Within 6 Years	Full Time Retention Rate	Total Degrees and Completions <sup>1</sup>	Total Advanced Degrees <sup>2</sup>	Institutional Support as Percentage of Core Expenditures <sup>3</sup>	Total R&D Expenditures <sup>4</sup>	Average Net Price of Attendance for In-state Students Receiving Aid	Undergraduate Pell Grant Students	Total Points	Rank
Michigan State University	2	2	3	3	2	2	0	3	17	2
University of Michigan	3	3	3	3	2	3	0	0	17	2
Wayne State University	0	1	1	3	0	0	3	3	11	8
Michigan Technological University	3	3	1	0	0	2	0	0	9	9
Western Michigan University	2	0	3	2	3	0	1	2	13	6
Central Michigan University	3	2	3	3	2	1	0	3	17	2
Oakland University	0	2	1	3	0	1	0	0	7	13
Eastern Michigan University	0	0	3	3	1	3	0	3	13	6
Ferris State University*	1	0	2	1	0	0	0	3	7	13
Grand Valley State University	3	3	3	3	3	3	0	3	21	1
Saginaw Valley State University	1	1	0	2	2	0	0	2	8	11
U of M-Dearborn	2	1	1	1	0	2	2	0	9	9
U of M-Flint*	1	1	1	1	0	0	2	0	6	15
Northern Michigan University*	2	2	3	0	3	2	0	2	14	5
Lake Superior State University	0	2	2	0	0	2	0	2	8	11
<b>Total of Scores</b>	<b>23</b>	<b>23</b>	<b>30</b>	<b>28</b>	<b>18</b>	<b>21</b>	<b>8</b>	<b>26</b>	<b>177</b>	

Top 20% in classification = 3
Above national median = 2
Below national median with improvement trend = 1
Below national median with no improvement trend = 0



# PERFORMANCE FUNDING – METRICS ALLOCATION

Carnegie Classification	Univ	Current FY12 Approp	% Graduating within 6 Years Allocation	Full-Time Retention Rate Allocation	Total Degrees and Completions Allocation	Total Advanced Degrees Allocation	Inst. Sup. As % of Core Exp Allocation	Total Research & Development Allocation	Avg Price of Attd for Students		\$9,054,200 Formula Total	Undergraduate Pell Grant Allocation	18,108,400 Proportional to Base	Approp \$ Increase	Approp Pct Incr			
									Receiving Fin Aid Allocation	Allocation								
Very High Research	MSU	\$241,120,800	\$98,415	\$98,415	\$113,178	\$121,262	\$125,753	\$107,788	\$0	\$130,589	\$795,400	\$130,589	\$795,400	0.33%	\$3,616,800	\$4,412,200	1.83%	
	UM-AA	\$268,803,300	\$147,623	\$147,623	\$113,178	\$121,262	\$125,753	\$161,682	\$0	\$0	\$817,100	\$0	\$817,100	0.30%	\$4,032,000	\$4,849,100	1.80%	
	WSU	\$182,036,900	\$0	\$49,208	\$37,726	\$121,262	\$0	\$0	\$424,416	\$130,589	\$763,200	\$130,589	\$763,200	0.42%	\$2,730,500	\$3,493,700	1.92%	
High Research	MTU	\$40,733,600	\$147,623	\$147,623	\$37,726	\$0	\$0	\$107,788	\$0	\$0	\$440,800	\$0	\$440,800	1.08%	\$611,000	\$1,051,800	2.58%	
	WMU	\$93,168,300	\$98,415	\$0	\$113,178	\$80,841	\$188,629	\$0	\$141,472	\$87,060	\$709,600	\$87,060	\$709,600	0.76%	\$1,397,500	\$2,107,100	2.26%	
Doctoral Research	CMU	\$68,108,900	\$147,623	\$98,415	\$113,178	\$121,262	\$125,753	\$53,894	\$0	\$130,589	\$790,700	\$130,589	\$790,700	1.16%	\$1,021,600	\$1,812,300	2.66%	
	OU	\$43,145,000	\$0	\$98,415	\$37,726	\$121,262	\$0	\$53,894	\$0	\$0	\$311,300	\$0	\$311,300	0.72%	\$647,200	\$958,500	2.22%	
Master's - Larger Programs	EMU	\$64,619,100	\$0	\$0	\$113,178	\$121,262	\$62,876	\$161,682	\$0	\$130,589	\$589,600	\$130,589	\$589,600	0.91%	\$969,300	\$1,558,900	2.41%	
	FSU	\$41,324,300	\$49,208	\$0	\$75,452	\$40,421	\$0	\$0	\$0	\$130,589	\$295,700	\$130,589	\$295,700	0.72%	\$619,900	\$915,600	2.22%	
	GVSU	\$52,677,400	\$147,623	\$147,623	\$113,178	\$121,262	\$188,629	\$161,682	\$0	\$130,589	\$1,010,600	\$130,589	\$1,010,600	1.92%	\$790,200	\$1,800,800	3.42%	
	SVSU	\$23,561,500	\$49,208	\$49,208	\$0	\$80,841	\$125,753	\$0	\$0	\$0	\$87,060	\$392,100	\$87,060	\$392,100	1.66%	\$353,400	\$745,500	3.16%
	UM-D	\$21,016,300	\$98,415	\$49,208	\$37,726	\$40,421	\$0	\$107,788	\$282,944	\$0	\$616,500	\$282,944	\$616,500	2.93%	\$315,200	\$931,700	4.43%	
UM-F	\$17,762,400	\$49,208	\$49,208	\$37,726	\$40,421	\$0	\$0	\$0	\$282,944	\$0	\$459,500	\$282,944	\$459,500	2.59%	\$266,400	\$725,900	4.09%	
Masters - Medium Prgrms	NMU	\$38,367,400	\$98,415	\$98,415	\$113,178	\$0	\$188,629	\$107,788	\$0	\$87,060	\$693,500	\$87,060	\$693,500	1.81%	\$575,500	\$1,269,000	3.31%	
NMJ % share			0.26%	0.26%	0.29%	0.00%	0.49%	0.28%	0.00%	0.23%	1.81%		1.50%	3.31%				
NMU +/- avg			+	+	+	-	+	+	-	+	+	+	+	+	+	+		
Baccalaureate	LSSU	\$10,789,500	\$0	\$98,415	\$75,452	\$0	\$0	\$107,788	\$0	\$87,060	\$368,700	\$87,060	\$368,700	3.42%	\$161,800	\$530,500	4.92%	
<b>TOTALS</b>		<b>\$1,207,234,700</b>	<b>\$1,131,775</b>	<b>\$1,131,775</b>	<b>\$1,131,775</b>	<b>\$1,131,775</b>	<b>\$1,131,775</b>	<b>\$1,131,775</b>	<b>\$1,131,775</b>	<b>\$1,131,775</b>	<b>\$9,054,300</b>	<b>\$1,131,775</b>	<b>\$9,054,300</b>	<b>0.75%</b>	<b>\$18,108,300</b>	<b>\$27,162,600</b>	<b>2.25%</b>	
Avg per univ			0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.75%		1.50%	2.25%				

# SUMMARY OF PERFORMANCE METRICS

## FISCAL YEAR 2012-13

Formula Factors	Governor	Senate	House
Undergraduate Degree Completions	3-yr average growth - bachelor and associate degrees - flat \$ per degree (25% of funds)	Total degree completions for first and second majors in relation to Carnegie classification peers (3.1% of funds)	2-yr average of bachelor, associate, and certificates - weighted by degree level (combined with Critical Skills completions)
Critical Skills Area Completions	3-yr average growth - bachelor and associate degrees in STEM + health - flat \$ per degree (25% of funds)		2-yr average of bachelor, associate, and certificates in STEM + health + accounting - weighted by degree level
Graduation Rate		Percent of students graduating within six years in relation to Carnegie classification peers (3.1% of funds)	
Retention Rate		Full-time retention rate in relation to Carnegie classification peers - (3.1% of funds)	
Advanced Degree Completions		Total advanced degree completions in relation to Carnegie classification peers (3.1% of funds)	
Pell Grants	3-yr average number of students receiving Pell awards - flat \$ per student (25% of funds)	Number of Pell Grant Students in relation to Carnegie classification peers (3.1% of funds)	
Tuition Restraint	Cap of 4% - allocated dollars prorated based on each university's increase (25% of funds)	Cap of 3.5% - allocated dollars prorated based on each university's increase (25% of funds)	Limit on resident undergraduate tuition/fee increase established on two-year basis - \$1,300 less FY12 increase less FY13 approp increase per UG student
Average Net Price		Average net price of attendance for FTFT degree seeking students paying in-state tuition in relation to Carnegie classification peers - (3.1% of funds)	

# SUMMARY OF PERFORMANCE METRICS

## FISCAL YEAR 2012-13

Formula Factors	Governor	Senate	House
Institutional Support Expenditures		Institutional support expenditures as a percentage of core expenditures in relation to Carnegie classification peers (3.1% of funds)	
Research & Development Expenditures		Total research and development expenditures in relation to Carnegie classification peers (3.1% of funds)	
Other		Remaining funds to be prorated based on current appropriations (50% of funds)	Reduced all schools by 1% of current appropriations - this is added to degree formula
Qualifying Criteria	University must participate in Michigan Transer Network	University must participate in Michigan Transer Network	Tuition restraint compliance
			Reporting on embryonic stem cell research
			Certification of participation in reverse transfer agreements with at least three Michigan community colleges
			Certification that dual enrollment policy does not consider use of credits toward high school graduation requirements
			Certification that university does not compel resident undergraduate students to carry health insurance
Redistribution of Funds	No	Yes	Yes
NMU Increase	<u>3.4% increase</u> (before calc for tuition restraint which could produce additional funding -- bar set at 4.0% on restraint)	<u>3.3% increase</u> (before calc for tuition restraint which could produce additional funding -- bar set at 3.5% on restraint)	<u>3.0% increase</u> (tuition restraint -- no additional state funding, but sets bar for which universities must stay at or below to qualify for funding -- NMU's restraint is set at 4.9%)