

MEMORANDUM



DATE: September 11, 2013
TO: House Appropriations Subcommittee on Higher Education
FROM: Kyle I. Jen, Deputy Director
RE: FY 2013-14 University Tuition Restraint Compliance

The FY 2013-14 Higher Education budget, as contained in Article III of Public Act 60 of 2013, provided for performance based funding increases to public universities totaling \$21.9 million (1.8%). Receipt of those funding increases by the universities is contingent on compliance with four requirements. Three of the requirements are retained from the FY 2012-13 budget in Sec. 265a:

- Participation in reverse transfer agreements with at least three community colleges (or a good faith effort to enter into such agreements).
- A dual enrollment credit policy that does not consider whether the credits were utilized toward high school graduation requirements in determining acceptance for college credit.
- Participation in the Michigan Transfer Network (an online system that provides transparency regarding course transfer equivalencies among Michigan colleges and universities).

Additionally, a university must comply with tuition restraint requirements specified in Sec. 265. (In FY 2012-13, a separate funding incentive had been provided based on tuition restraint, rather than including it as a requirement to receive any performance funding.) The basic requirement, subject to certain definitions contained in the section, is as follows:

Payments under section 265a for performance funding shall only be made to a public university that certifies to the state budget director by August 31, 2013 that its board did not adopt an increase in tuition and fee rates for resident undergraduate students after September 1, 2012 for the 2012-2013 academic year and that its board will not adopt an increase in tuition and fee rates for resident undergraduate students for the 2013-2014 academic year that is greater than 3.75%.

Universities were required to submit certification of their compliance with the performance funding requirements by August 31. In correspondence dated September 10, the State Budget Director indicates he has determined that all universities are in compliance with the requirements except that Wayne State University has adopted a resident undergraduate tuition and fee increase above the 3.75% threshold.

Attachment 1 shows university resident undergraduate tuition and fee increases for FY 2013-14.¹ Removing Wayne State's increase of 8.90%, increases at the other 14 universities range from 1.14% to 3.75%. The average increase across all 15 universities is 3.49%.

University resident undergraduate tuition and fee rates for FY 2013-14 range from \$8,423 to \$14,861, with an unweighted average rate of \$11,142.

¹ To conform with budget act language and HEIDI reporting requirements, minor technical adjustments have been made to the tuition and fee information in the universities' official submissions.

Under Sec. 265a(2), Wayne State's initial performance funding increase of \$534,700 will be reallocated to the other 14 universities in proportion to their respective performance funding amounts. Attachment 2 displays those calculations. Because Wayne State received the smallest percentage increase in funding under the performance funding model (0.29%), the impact of the reallocation on other universities' funding increases is relatively small. The reallocated funding amounts for individual universities range from \$4,500 to \$124,000.

Please call if you have any questions regarding this information.

Attachments (2)

c: Mary Ann Cleary, HFA Director

ATTACHMENT 1

FY 2013-14 Resident Undergraduate Tuition/Fee Rate Increases

University	FY 2012-13 Rates					FY 2013-14 Rates					% Change Avg Rate	3.75% or Below?
	Fresh	Soph	Junior	Senior	Average	Fresh	Soph	Junior	Senior	Average		
Central	\$10,950	\$10,950	\$10,950	\$10,950	\$10,950	\$11,220	\$11,220	\$11,220	\$11,220	\$11,220	2.47	YES
Eastern*	9,114	9,026	9,026	9,026	9,048	9,452	9,364	9,364	9,364	9,386	3.74	YES
Ferris*	10,710	10,710	10,710	10,710	10,710	10,950	10,950	11,025	11,025	10,988	2.59	YES
Grand Valley	10,078	10,078	10,582	10,582	10,330	10,454	10,454	10,978	10,978	10,716	3.74	YES
Lake Superior	9,765	9,640	9,640	9,640	9,671	10,085	9,960	9,960	9,960	9,991	3.31	YES
Michigan State*	12,623	12,623	13,800	13,800	13,211	12,863	12,863	14,295	14,295	13,579	2.78	YES
Michigan Tech*	13,353	14,813	14,813	14,813	14,448	13,728	15,238	15,238	15,238	14,861	2.86	YES
Northern	8,934	8,709	8,709	8,709	8,766	9,262	9,037	9,037	9,037	9,094	3.74	YES
Oakland	10,230	10,230	11,183	11,183	10,706	10,613	10,613	11,603	11,603	11,108	3.75	YES
Saginaw Valley	8,120	8,120	8,120	8,120	8,120	8,423	8,423	8,423	8,423	8,423	3.73	YES
UM-Ann Arbor*	12,994	12,994	14,644	14,644	13,819	13,142	13,142	14,812	14,812	13,977	1.14	YES
UM-Dearborn*	10,482	10,482	10,752	10,752	10,617	10,854	10,854	11,124	11,124	10,989	3.50	YES
UM-Flint	9,514	9,514	9,634	9,634	9,574	9,844	9,844	9,970	9,970	9,907	3.48	YES
Wayne State	10,190	10,190	11,789	11,789	10,989	11,094	11,094	12,841	12,841	11,967	8.90	NO
Western	10,282	9,982	10,940	10,940	10,536	10,655	10,355	11,347	11,347	10,926	3.70	YES
Unweighted Avg.	\$10,489	\$10,537	\$11,019	\$11,019	\$10,766	\$10,843	\$10,894	\$11,416	\$11,416	\$11,142	3.49	

General Note: Per HEIDI reporting requirements, and consistent with Sec. 265 of budget act, rates are reported based on four class levels. Rates are based on 30 credit hours (15 in Fall, 15 in Winter/Spring) and exclude fees not paid by a majority of students in a given class (most course fees), as well as refundable fees.

*University-Specific Notes

- Eastern:* \$212 out of \$300 fee for incoming freshman excluded from rate in both years, as that amount effectively replaced previous orientation fee.
- Ferris:* Includes junior/senior differential increase of \$5/credit hour for Spring semester.
- Michigan State:* Differential increase: 1.9% for freshman/sophomore rates; 3.6% for junior/senior rates.
- Michigan Tech:* Sophomore/junior/senior rates include additional surcharge applying to engineering and computer science students.
- UM-Ann Arbor:* Rates are for College of Literature, Science, and Arts.
- UM-Dearborn:* Rates are for College of Arts, Sciences, and Letters.

Sources: HEIDI database, university tuition restraint responses, university websites

ATTACHMENT 2

FY 2013-14 University Performance Funding Reallocation

University	FY 2012-13 Year-to-Date Appropriation	Initial Performance		Forfeited Performance Increase	Reallocated Funds	Final Performance		FY 2013-14 Appropriation w/ Reallocation
		Increase	% Change			Increase	% Change	
Central	\$71,352,300	\$2,134,300	2.99	--	\$53,500	\$2,187,800	3.07	\$73,540,100
Eastern	66,466,700	788,900	1.19	--	19,800	808,700	1.22	67,275,400
Ferris	44,250,700	1,351,900	3.06	--	33,900	1,385,800	3.13	45,636,500
Grand Valley	55,436,000	2,329,100	4.20	--	58,400	2,387,500	4.31	57,823,500
Lake Superior	12,046,100	180,400	1.50	--	4,500	184,900	1.53	12,231,000
Michigan State	245,037,000	4,449,300	1.82	--	111,500	4,560,800	1.86	249,597,800
Michigan Tech	42,579,100	872,800	2.05	--	21,900	894,700	2.10	43,473,800
Northern	40,856,600	863,200	2.11	--	21,600	884,800	2.17	41,741,400
Oakland	44,964,100	670,700	1.49	--	16,800	687,500	1.53	45,651,600
Saginaw Valley	25,656,700	326,100	1.27	--	8,200	334,300	1.30	25,991,000
UM-Ann Arbor	274,156,700	4,952,000	1.81	--	124,000	5,076,000	1.85	279,232,700
UM-Dearborn	22,237,300	266,400	1.20	--	6,700	273,100	1.23	22,510,400
UM-Flint	19,526,600	401,500	2.06	--	10,100	411,600	2.11	19,938,200
Wayne State	183,398,300	534,700	0.29	(534,700)	--	0	0.00	183,398,300
Western	95,487,500	1,747,700	1.83	--	43,800	1,791,500	1.88	97,279,000
TOTAL	\$1,243,451,700	\$21,869,000	1.76	(\$534,700)	\$534,700	\$21,869,000	1.76	\$1,265,320,700