

State Notes

TOPICS OF LEGISLATIVE INTEREST

Fall 2012



Michigan Public Universities FY 2012-13 Performance Funding/Tuition Restraint By Bill Bowerman, Associate Director

Introduction

The fiscal year (FY) 2012-13 budget for Higher Education includes a \$36.2 million (3.0%) increase for university operations. The increase is entirely distributed based on performance measures and tuition restraint. The performance measures include metrics for critical skill undergraduate degrees and certificates, six-year graduation rates, total degrees and completions, institutional support as a percentage of core expenditures, and research and development expenditures. This article provides an overview of the process that led to the distribution formulas used for the FY 2012-13 Higher Education budget.

Background

In recent years, for the most part, increases and decreases in State funding for Higher Education have been allocated in an across-the-board manner. The FY 2011-12 budget included a 15.0% across-the-board reduction to university operations. From FY 2001-02 through FY 2011-12, overall State funding for university operations decreased by 25.0%. Table 1 provides a funding history for FY 2001-02 through FY 2011-12 by university.

In February 2011, Governor Snyder included boilerplate language in his budget recommendation for FY 2011-12, stating that beginning in FY 2012-13 university operations funding would be allocated to universities based on a formula developed by the State Budget Director, with advice of relevant stakeholders. The stated goal of the Governor was to encourage universities to provide educational opportunities that are accessible and affordable, and result in a highly educated workforce. In addition, the formula was to reward universities that contribute to the economic well-being of Michigan through research and commercialization of those research efforts.¹ The enacted version of this language differed, especially in respect to development of the formula. Section 266 of Public Act 62 of 2011 provided:

Sec. 266. It is the intent of the legislature that, in subsequent budget years, public university operations funding appropriated by the legislature shall be allocated to each university using a formula developed and enacted by the legislature. Such a formula shall incent universities to provide, in a cost-effective and timely manner, postsecondary opportunities for students that are both accessible and affordable and that result in a highly skilled workforce.

¹ FY 2011-12 Governor's budget Higher Education budget recommendation, Sec. 183b.

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Table 1: State Appropriations for University Operations

Universities	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Central	\$90,003,800	\$88,353,522	\$79,910,900	\$79,910,900	\$80,061,900	\$80,994,600
Eastern	87,637,200	84,993,688	77,295,800	77,295,800	76,140,600	76,955,400
Ferris	55,520,300	53,937,221	48,968,800	48,968,800	48,634,700	49,201,300
Grand Valley	60,095,400	57,992,024	57,904,100	57,904,100	61,129,900	62,603,400
Lake Superior	14,268,700	14,047,630	12,392,400	12,685,000	12,506,300	12,675,900
Michigan State	325,982,300	315,469,556	287,516,000	287,516,000	283,730,300	287,127,000
Michigan Tech	55,241,600	53,667,742	48,723,000	48,723,000	48,018,800	48,501,100
Northern	52,012,900	50,545,612	45,173,100	45,775,200	45,051,600	45,593,100
Oakland	52,384,700	50,551,147	48,106,100	48,106,100	50,685,700	51,378,000
Saginaw Valley	27,393,300	26,434,503	26,140,200	26,140,200	27,499,800	28,052,100
U of M-Ann Arbor	363,562,700	351,809,191	320,662,000	320,662,000	316,368,500	320,156,000
U of M-Dearborn	27,993,300	27,319,061	24,690,000	24,690,000	24,739,200	25,027,400
U of M-Flint	24,068,100	23,523,479	21,228,000	21,228,000	20,903,100	21,151,100
Wayne State	253,644,700	245,520,223	223,714,300	218,108,400	214,666,300	216,822,300
Western	125,677,200	121,778,193	110,847,100	110,847,100	109,695,200	110,973,200
Total Universities	\$1,615,486,200	\$1,565,942,792	\$1,433,271,800	\$1,428,560,600	\$1,419,831,900	\$1,437,211,900
Ag Experiment (AES)	36,848,700	35,559,000	33,163,800	33,163,800	33,163,800	33,827,100
Coop Extension (CES)	31,782,600	30,670,200	28,604,300	28,604,300	28,604,300	29,176,400
Ag Exp & Coop Ext Activities						
Financial Aid	257,771,200	207,326,000	198,740,100	186,612,400	249,862,400	250,312,400
KCP/State/Regional	3,890,300	5,404,200	2,891,500	3,056,500	2,981,500	2,981,500
Total Higher Education	\$1,945,779,000	\$1,844,902,192	\$1,696,671,500	\$1,679,997,600	\$1,734,443,900	\$1,753,509,300
Funding Sources						
Federal	4,900,000	5,500,000	4,480,700	4,500,000	3,500,000	3,000,000
State Restricted	128,210,450	97,934,802	89,750,000	85,150,000	153,500,000	243,700,000
State General Fund	\$1,812,668,550	\$1,741,467,390	\$1,602,440,800	\$1,590,347,600	\$1,577,443,900	\$1,506,809,300
Note:	Amounts listed do not reflect FY 2003-04, FY 2004-05, FY 2006-07, and FY 2007-08 delayed payments or FY 2006-07 Michigan Public Schools Employees' Retirement System (MPSERS) adjustment.					

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Table 1: State Appropriations for University Operations (continued)

Universities	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY '11-12 % Chg to FY '10-11	FY '11-12 % Chg. to FY '01-02
Central	\$81,941,100	\$82,760,500	\$82,436,000	\$80,132,000	\$68,108,900	(15.0%)	(24.3%)
Eastern	77,774,100	78,551,800	78,212,100	76,026,200	64,619,100	(15.0)	(26.3)
Ferris	49,730,800	50,228,100	50,017,100	48,619,200	41,324,300	(15.0)	(25.6)
Grand Valley	63,387,500	64,021,400	63,758,300	61,976,400	52,677,400	(15.0)	(12.3)
Lake Superior	12,981,900	13,111,700	13,059,200	12,694,200	10,789,500	(15.0)	(24.4)
Michigan State	290,139,800	293,041,200	291,841,700	283,685,200	241,120,800	(15.0)	(26.0)
Michigan Tech	49,028,200	49,518,500	49,302,100	47,924,200	40,733,600	(15.0)	(26.3)
Northern	46,171,500	46,633,200	46,438,200	45,140,300	38,367,400	(15.0)	(26.2)
Oakland	51,932,900	52,452,200	52,220,800	50,761,300	43,145,000	(15.0)	(17.6)
Saginaw Valley	28,356,200	28,639,800	28,517,700	27,720,700	23,561,500	(15.0)	(14.0)
U of M-Ann Arbor	323,439,900	326,674,300	325,347,400	316,254,500	268,803,300	(15.0)	(26.1)
U of M-Dearborn	25,295,000	25,548,000	25,437,100	24,726,200	21,016,300	(15.0)	(24.9)
U of M-Flint	21,379,900	21,593,700	21,498,900	20,898,000	17,762,400	(15.0)	(26.2)
Wayne State	219,046,500	221,237,000	220,329,200	214,171,400	182,036,900	(15.0)	(28.2)
Western	112,122,000	113,243,200	112,766,800	109,615,100	93,168,300	(15.0)	(25.9)
Total Universities	\$1,452,727,300	\$1,467,254,600	\$1,461,182,600	\$1,420,344,900	\$1,207,234,700	(15.0%)	(25.3%)
Ag Experiment (AES)	33,996,200	34,336,200	34,198,900	33,243,100		(100.0)	(100.0)
Coop Extension (CES)	29,322,300	29,615,500	29,497,000	28,672,600		(100.0)	(100.0)
Ag Exp & Coop Ext Activities					52,625,800	---	---
Financial Aid	228,912,400	219,912,400	84,473,300	93,126,400	99,526,400	6.9	(61.4)
KCP/State/Regional	2,981,500	2,986,500	2,891,500	2,891,500	2,891,500	0.0	(25.7)
Total Higher Education	\$1,747,939,700	\$1,754,105,200	\$1,612,243,300	\$1,578,278,500	\$1,362,278,400	(13.7%)	(30.0%)
Funding Sources							
Federal	115,198,600	177,866,500	151,711,200	91,926,400	98,326,400	7.0	1,906.7
State Restricted	101,650,000	28,610,400	300,100	300,000	200,219,500	66,639.8	56.2
State General Fund	\$1,531,091,100	\$1,547,628,300	\$1,460,232,000	\$1,486,052,100	\$1,063,732,500	(28.4%)	(41.3%)
Note: Amounts listed do not reflect FY 2003-04, FY 2004-05, FY 2006-07, and FY 2007-08 delayed payments or FY 2006-07 MPSERS adjustment.							



FY 2012-13 Distributions

The development of a funding formula for State aid affects many parties and interest groups. Disagreement over the content of formulas and the resulting distributions can have a negative impact on the appropriations process. In the past, formulas have been successfully developed for community colleges through a task force process. Examples include the Gast-Mathieu Fairness in Funding Formula that was developed in the 1980s, and more recently the Performance Indicators Task Force. The Performance Indicators Task Force was created through appropriation bill boilerplate in 2005. The goal of the Task Force was to review, evaluate, discuss, and make recommendations regarding performance indicators to be used in future budget years to guide decisions regarding State funding to community colleges.² Members of the Task Force included legislators and representatives of Michigan public community colleges. By involving the Legislature and the affected community colleges in the process of developing a formula for distribution of State funds, the process achieved a consensus. The formula developed by the Task Force was first used for distribution of State funds in FY 2006-07, and a version of the formula was still in use for the FY 2012-13 Community College budget.

The legislative process for the FY 2012-13 Higher Education budget consisted of the Governor, Senate, and House each unilaterally proposing a new formula for Higher Education funding. The Governor recommended that funding increases be distributed based on three-year average growth of undergraduate degree completions, three-year average degree completions in critical skills areas (science, technology, engineering, mathematics, and health fields), three-year average number of undergraduate students receiving Pell Grants, and tuition restraint – holding resident undergraduate tuition/fee increases at or below 4.0%. Universities would be required to participate in the Michigan Transfer Network to receive an increase under the Governor's proposal.³

The Senate maintained the Governor's recommendation to allocate \$9,054,300 based on tuition restraint, but lowered the maximum tuition increase allowed to 3.5%. The Senate version distributed the remainder of the funding increase based on an \$18,108,400 allocation proportional to then-current appropriations and a \$9,054,300 allocation based on how universities performed relative to their Carnegie classifications for eight metrics. The metrics consisted of graduation rates, retention rates, total degrees and completions, total advanced degrees, institutional support as a percentage of core expenditures, research and development, cost of attendance, and undergraduate Pell grants. To qualify for funding under the Senate version, universities would be required to participate in the Michigan Transfer Network and comply with embryonic stem cell research reporting requirements.

The House version of the budget distributed increases based on undergraduate degrees/certificates, weighted for program length and critical skills areas. Universities would be required to comply with five requirements to receive a funding increase: tuition restraint (limit established on two-year dollar basis), embryonic stem cell research reporting, participation in at

² Section 242 of Public Act 154 of 2005, Part 2.

³ The Michigan Transfer network is a web-based system that allows a student who has completed a course at a Michigan college or university to find the equivalency for that course at any other Michigan college or university.



least three reverse transfer agreements⁴, dual enrollment policy that did not consider whether use of credits would be used toward high school graduation requirements, and certification that a university did not compel resident undergraduate students to carry health insurance.

The enacted Higher Education budget includes a \$36.2 million (3.0%) increase for university operations. Of that amount, \$27.2 million is allocated based on performance funding that is a compromise between the Senate and House performance funding models, and the balance is allocated through a tuition restraint formula. The performance funding includes the following components:

- \$6,036,167 is distributed based on critical skill area undergraduate degrees and certificates. Critical skills include accounting; agriculture, agriculture operations and related sciences; architecture; biological and biomedical sciences; communication technologies/tech and support services; computer and information sciences and support services; construction trades; engineering; engineering technologies and engineer-related fields; health professions and related sciences; mathematics and statistics; mechanic and repair technologies/technicians; multi/interdisciplinary studies (biological/physical sciences, math, computer science); natural resources and conservation; physical sciences; precision production; science technologies/technicians; and transportation and materials moving.
- \$6,036,167 is distributed based on the percentage of students graduating within six years. Institutions are scored compared to national Carnegie peers.
- \$6,036,167 is distributed based on total degrees and completions (including associate and advanced degrees). Institutions are scored compared to national Carnegie peers.
- \$6,036,167 is distributed based on institutional support as a percentage of core expenditures. Institutions are scored compared to national Carnegie peers.
- \$3,018,083 is distributed based on research and development expenditures.

For comparisons to national Carnegie peers, scoring was based on: improvement over three years = 3; top 20% = 2; above national median = 1.

Pursuant to Section 265a of the Higher Education budget, in order to qualify for performance funding, institutions were required to certify compliance with the following:

1. The university will be participating in reverse transfer agreements with at least three Michigan community colleges by January 3, 2013, or have made good-faith efforts to enter into reverse transfer agreements.
2. By January 3, 2013, the university will not consider whether dual enrollment credits earned by an incoming student were used toward his or her high school graduation requirements when the university decides whether the student may use those credits toward completion of a university degree or certificate program.

⁴ Reverse transfer agreements allow students to transfer university credits to a community college.



3. By August 31, 2012, the university participates in the Michigan Transfer Network created as part of the Michigan Association of Collegiate Registrars and Admissions Officers Transfer Agreement.

The enacted tuition restraint component of university funding is consistent with the Governor's recommendation. It allocates \$9,054,200 to universities based on tuition and fee increases being kept at or below a 4.0% increase. The amount each university receives is based on tuition increases for all 15 public universities. That formula resulted in each university receiving \$84,600 for each tenth of a percent that its tuition and fee increase was below 4.1%. Section 265 of Public Act 201 of 2012, included as an Appendix to this article, contains methodology details.

On September 5, 2012, the State Budget Director reported that all universities had certified their compliance with the above requirements. Table 2 provides details on performance funding and tuition restraint.

As shown in Table 2, the total increase in State funding for each university ranged from 0.75% to 11.65%. This is because performance funding and tuition restraint were not based on FY 2011-12 appropriations. While the varying increases represent the intent to measure and increase institutional effectiveness in certain areas, the increases in State funding need to be put in context with all funding sources for university operations. Along with providing information regarding tuition and fee increases for FY 2012-13, universities were required to submit information regarding all estimated revenue sources for FY 2012-13 university operations budgets. Table 3 summarizes that information. As shown, State funding for universities statewide represents an estimated 21.6% of university revenue sources for operations. Tuition and fee revenue accounts for an estimated 70.8% of operating revenue.

Conclusion

The use of performance funding and tuition restraint for the FY 2012-13 Higher Education budget resulted in a range of increases, when measured against FY 2011-12 base appropriations. It remains to be seen whether that distribution will actually have an impact on outcomes. As illustrated in this article, State funding for universities has substantially decreased over time, with State funding now representing a smaller share of total university operating revenue. Performance funding, tuition restraint, and the overall level of State support for university operations will certainly continue to be major issues in the development of future Higher Education budgets.

For more details regarding the FY 2012-13 Higher Education budget, see the FY 2012-13 House and Senate Fiscal Agency Higher Education Appropriations Report, <http://www.senate.michigan.gov/sfa/Departments/DepartmentPublications/HigherEdAppropsReport2013.pdf>.

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Table 2: FY 2012-13 Appropriation Detail for University Operations¹⁾

University	FY 2012-13 Adjustments							
	FY 2011-12 Appropriation	Critical Skills Undergrad Degrees/Certif.	Scored Compared to National Carnegie Peers			Research & Development	Formula Total	Formula % Chg. to FY 2011-12 Y-T-D
			% Graduating within Six Years	Total Degrees & Completions	Inst. Supp. As % of Core Expenditures			
Central	\$68,108,900	\$301,803	\$464,321	\$326,279	\$355,069	\$18,953	\$1,466,400	2.15%
Eastern	64,619,100	286,885	0	326,279	1,065,206	0	1,678,400	2.60%
Ferris	41,324,300	471,152	696,481	489,419	0	0	1,657,100	4.01%
Grand Valley	52,677,400	524,073	696,481	489,419	710,137	0	2,420,100	4.59%
Lake Superior	10,789,500	78,046	0	163,140	0	0	241,200	2.24%
Michigan State	241,120,800	1,166,943	696,481	489,419	355,069	700,532	3,408,400	1.41%
Michigan Tech	40,733,600	369,215	696,481	489,419	0	121,217	1,676,300	4.12%
Northern	38,367,400	194,600	232,160	489,419	1,065,206	0	1,981,400	5.16%
Oakland	43,145,000	378,010	0	489,419	0	20,845	888,300	2.06%
Saginaw Valley	23,561,500	164,308	696,481	0	1,065,206	0	1,926,000	8.17%
UM-Ann Arbor	268,803,300	1,021,736	696,481	489,419	355,069	1,690,665	4,253,400	1.58%
UM-Dearborn	21,016,300	160,881	232,160	489,419	0	0	882,500	4.20%
UM-Flint	17,762,400	155,236	696,481	489,419	0	0	1,341,100	7.55%
Wayne State	182,036,900	313,698	0	489,419	0	389,125	1,192,200	0.65%
Western	93,168,300	449,580	232,160	326,279	1,065,206	76,747	2,150,000	2.31%
Total:	\$1,207,234,700	\$6,036,167	\$6,036,167	\$6,036,167	\$6,036,167	\$3,018,083	27,162,800	2.25%
Funding Per Unit/Point		\$403	\$232,160	\$163,140	\$355,069	\$0.0025		

University	FY 2012-13 Adjustments		Total FY 2012-13 Increase	FY 2012-13 Appropriation	% Change to FY 2011-12 Y-T-D
	Tuition Restraint	Tuition Restraint % Change to FY 2011-12 Y-T-D			
Central	\$1,777,000	2.61%	\$3,243,400	\$71,352,300	4.76%
Eastern	169,200	0.26%	1,847,600	66,466,700	2.86%
Ferris	1,269,300	3.07%	2,926,400	44,250,700	7.08%
Grand Valley	338,500	0.64%	2,758,600	55,436,000	5.24%
Lake Superior	1,015,400	9.41%	1,256,600	12,046,100	11.65%
Michigan State	507,800	0.21%	3,916,200	245,037,000	1.62%
Michigan Tech	169,200	0.42%	1,845,500	42,579,100	4.53%
Northern	507,800	1.32%	2,489,200	40,856,600	6.49%
Oakland	930,800	2.16%	1,819,100	44,964,100	4.22%
Saginaw Valley	169,200	0.72%	2,095,200	25,656,700	8.89%
UM-Ann Arbor	1,100,000	0.41%	5,353,400	274,156,700	1.99%
UM-Dearborn	338,500	1.61%	1,221,000	22,237,300	5.81%
UM-Flint	423,100	2.38%	1,764,200	19,526,600	9.93%
Wayne State	169,200	0.09%	1,361,400	183,398,300	0.75%
Western	169,200	0.18%	2,319,200	95,487,500	2.49%
Total:	\$9,054,200	0.75%	\$36,217,000	\$1,243,451,700	3.00%

¹⁾ Does not include funding for MPSERS reimbursement.

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Table 3: FY 2012-13 University Budgets¹⁾

University	FY 2012-13 Initial State Appropriation	Budgeted Tuition/Fee Revenue	Other Revenue	FY 2012-13 Total Revenue	State Aid as % of Total
Central	\$69,575,300	\$255,039,469	\$20,832,221	\$345,446,990	20.1%
Eastern	66,297,500	209,600,000	14,702,500	290,600,000	22.8
Ferris	42,981,400	142,652,994	4,730,904	190,365,298	22.6
Grand Valley	55,097,500	260,471,939	3,317,067	318,886,506	17.3
Lake Superior	11,030,700	25,459,745	1,311,314	37,801,759	29.2
Michigan State	244,529,200	771,800,000	89,970,800	1,106,300,000	22.1
Michigan Tech	42,409,900	110,008,384	13,043,000	165,461,284	25.6
Northern	40,348,800	79,360,947	4,969,832	124,679,579	32.4
Oakland	44,033,300	191,980,253	1,332,267	237,345,820	18.6
Saginaw Valley	25,487,500	85,907,000	2,119,500	113,514,000	22.5
UM-Ann Arbor	273,056,700	1,156,646,746	219,436,080	1,649,139,526	16.6
UM-Dearborn	21,898,800	91,117,000	1,867,900	114,883,700	19.1
UM-Flint	19,103,500	78,742,000	550,000	98,395,500	19.4
Wayne State	183,229,100	334,405,409	49,171,617	566,806,126	32.3
Western	95,318,300	253,397,616	9,773,376	358,489,292	26.6
Total	\$1,234,397,500	\$4,046,589,502	\$437,128,378	\$5,718,115,380	21.6%

¹⁾ Based on reports submitted with FY 2012-13 Tuition and Fee increases. State appropriation amounts do not include tuition restraint and MPSERS funding.



Appendix: FY 2012-13 Boilerplate Sections in Public Act 201 of 2012

Sec. 265. (1) Payments from the amount appropriated in section 236(3) for public university tuition restraint incentives shall only be made to a public university that certifies to the state budget director by August 31, 2012 that its board did not adopt an increase in tuition and fee rates for resident undergraduate students after September 1, 2011 for the 2011-2012 academic year and that its board will not adopt an increase in tuition and fee rates for resident undergraduate students for the 2012-2013 academic year that is greater than 4.0%. As used in this subsection and subsection (2):

- (a) Subject to subdivision (c), "fee" means any board-authorized fee that will be paid by more than 1/2 of all resident undergraduate students at least once during their enrollment at a public university. A university increasing a fee that applies to a specific subset of students or courses shall provide sufficient information to prove that the increase applied to that subset will not cause the increase in the average amount of board-authorized total tuition and fees paid by resident undergraduate students in the 2012-2013 academic year to exceed the limit established in this subsection.
- (b) "Tuition and fee rate" means the average of full-time rates for all undergraduate classes, based on an average of the rates authorized by the university board and actually charged to students, deducting any uniformly-rebated or refunded amounts, for the 2 semesters with the highest levels of full-time equated resident undergraduate enrollment during the academic year.
- (c) For purposes of subdivision (a), for a public university that compels resident undergraduate students to be covered by health insurance as a condition to enroll at the university, "fee" includes the annual amount a student is charged for coverage by the university-affiliated group health insurance policy if he or she does not provide proof that he or she is otherwise covered by health insurance. This subdivision does not apply to limited subsets of resident undergraduate students to be covered by health insurance for specific reasons other than general enrollment at the university.

(2) For purposes of section 236(3), each public university's allocation for tuition restraint incentive shall be determined as follows:

- (a) Calculate an adjustment for each university by subtracting each university's reported percent change in tuition and fee rates for academic year 2012-2013 from 4.1%. If the result of the calculation in this subdivision is less than 0.1%, the university is not qualified to receive an allocation under this section. All calculations under this subdivision shall be rounded to the first decimal place.
- (b) For each qualified university, divide the university's adjustment as calculated under subdivision (a) by the sum of all adjustments for qualifying universities under subdivision (a) and then multiply the resulting calculation for each university by the total amount available for tuition restraint incentive funding, rounded to the nearest hundred dollars.

(3) The state budget director shall implement uniform reporting requirements to ensure that a public university receiving an appropriation under section 236(3) has satisfied the tuition restraint requirements of this section. The state budget director shall have the sole authority



to determine if a public university has met the requirements of this section. Information reported by a public university to the state budget director under this subsection shall also be reported to the house and senate appropriations subcommittees on higher education and the house and senate fiscal agencies.

(4) In conjunction with the uniform reporting requirements established under subsection (3), each public university shall also report the following information to the house and senate appropriations subcommittees on higher education, the house and senate fiscal agencies, and the state budget director by August 31, 2012:

- (a) Actual or estimated fiscal year 2011-2012 and budgeted fiscal year 2012-2013 total general fund tuition and fee revenue.
- (b) Actual or estimated fiscal year 2011-2012 and budgeted fiscal year 2012-2013 total general fund revenue.
- (c) Actual or estimated fiscal year 2011-2012 and budgeted fiscal year 2012-2013 general fund expenditures for student financial aid.
- (d) Actual or estimated fiscal year 2011-2012 and budgeted fiscal year 2012-2013 total general fund expenditures.
- (e) Actual or estimated fiscal year 2011-2012 and budgeted fiscal year 2012-2013 total fiscal year equated student enrollment.

Sec. 265a. (1) Appropriations to public universities in section 236 for performance funding shall be paid only to a public university that complies with all of the following requirements:

- (a) The university certifies to the state budget director, the house and senate appropriations subcommittees on higher education, and the house and senate fiscal agencies by August 31, 2012, that, by January 3, 2013, it will be participating in reverse transfer agreements described in section 286 with at least 3 Michigan community colleges or have made a good-faith effort to enter into reverse transfer agreements.
- (b) The university certifies to the state budget director, the house and senate appropriations subcommittees on higher education, and the house and senate fiscal agencies by August 31, 2012, that, by January 3, 2013, it will not consider whether dual enrollment credits earned by an incoming student were utilized towards his or her high school graduation requirements when making a determination as to whether those credits may be used by the student toward completion of a university degree or certificate program.
- (c) The university certifies to the state budget director, the house and senate appropriations subcommittees on higher education, and the house and senate fiscal agencies by August 31, 2012 that the university participates in the Michigan transfer network created as part of the Michigan association of collegiate registrars and admissions officers transfer agreement.

(2) Any performance funding amounts under section 236 that are not paid to a public university because it did not comply with 1 or more requirements under subsection (1) are unappropriated and reappropriated for tuition restraint funding described in section 265.



(3) The state budget director shall report to the house and senate appropriations subcommittees on higher education and the house and senate fiscal agencies by September 17, 2012, regarding any performance funding amounts not paid to a public university because it did not comply with 1 or more requirements under subsection (1) and any reappropriation of funds under subsection (2).

(4) A university that has not implemented the policies required under subsection (1)(a) and (b) by August 31, 2012, but certifies that it will implement those policies by January 3, 2013, shall recertify to the state budget director, the house and senate appropriations subcommittees on higher education, and the house and senate fiscal agencies by January 3, 2013, that the policies have been fully implemented. For a university that does not recertify that the policies have been fully implemented, the performance funding appropriated to that university in section 236 shall be retroactively withheld and unappropriated and reappropriated under subsection (2).