

Budget Update

June 10, 2005

Colleagues,

I'd like to bring you up to date on some recent developments in Lansing that will likely have an impact on our budget and future appropriations.

The legislature has come up with two approaches to funding higher education for FY 2005-06, both based on formulas that attempt to reward universities for growth, a mix of degree programs that relate to supporting Michigan's economy and federally funded research. The formulas as presented would mean decreases in state appropriations for some universities and increases for others.

As presented, Oakland would receive increases under either proposal, an indication that the legislature recognizes our growth, relevant academic programs and commitment to and involvement in research.

House plan

A few weeks ago, House Republicans unveiled a new plan that they hope can provide a new funding mechanism for higher education and better prepare graduates for high-demand jobs. The Workforce Investment Needs (WIN) Plan will base state spending decisions on objective criteria and results in three specific categories: 1) Number of enrolled students; 2) types of degrees offered and number of degrees granted; and 3) research. Each university's appropriation would be based on calculations in each of these categories.

Oakland's gain under this proposal, given unlimited state resources, would be 26.9 percent over the governor's proposed budget. However, since funds are limited, Oakland's increase would be capped at 3.5 percent.

Click on this link to read the details of the WIN plan: <http://www.gophouse.com/>

Senate plan

Last Wednesday, a proposed Senate Republican bill was approved by the Senate Appropriations committee. Under this \$1.7 billion budget plan, Oakland would receive an 8.8 percent increase in state funding for Fiscal Year 2005-2006. Like the house plan, this is a higher increase than the one contained in the governor's budget proposal.

You can read details of the Senate plan by clicking on <http://www.legislature.mi.gov/documents/2005-2006/billanalysis/senate/htm/2005-SFA-0273-F.htm>.

The two plans are expected to be discussed and debated in conference committee. As you can imagine, each of these proposals will undergo significant scrutiny and debate in the legislature and in the executive office.

The one thing we're hearing from Lansing that is common to these proposals is that the state must find a new and creative way to fund higher education. The state recognizes that higher education is the backbone of a robust state economy, and that quality cannot continue to be compromised and threatened by a lack of resources. Too much is at stake. We agree with their intent and their dedication to finding a solution, and we're working diligently with the legislature and the governor to find the best way to continue to fund higher education at appropriate levels.

Another recently announced initiative is Governor Granholm's Jobs for Michigan Fund plan. You may recall that she originally announced this plan in her State of the State address in February. This is a \$2 billion bond proposal that will seek to provide new jobs and diversify the state's economy in four industries: Life sciences, alternative energies, advanced automotive manufacturing, and homeland security and defense.

The governor's bond proposal faces significant hurdles before it becomes a reality. It requires approval from two-thirds of the legislature, and then will be placed on the ballot in November for a vote by the people.

You can read details of the governor's plan by clicking on this link:
<http://www.michigan.gov/som/0,1607,7-192--117291--,00.html>

I will keep you apprised of all budget news as new developments occur.

Gary