

For Saginaw Valley State College Employees.
Published by the Office of Information Services.
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THE
INTERIOR

January 28, 1982

SPECIAL EDITION

GOVERNOR'S PLAN WOULD DELAY FOURTH-
QUARTER STATE PAYMENT TO COLLEGES

The budget plan for Michigan which Governor William Milliken proposed on Monday appears to be confusing many state journalists. Various wire, newspaper and electronic media reports about what Milliken recommended to the legislature were inconsistent at best. These conflicting interpretations of what the Governor wants to do caused considerable confusion state-wide.

SVSC President Jack Ryder was in Lansing Tuesday for the monthly meeting of the Presidents Council for State Colleges and Universities and received clarification on a number of Milliken's points.

According to Ryder,

(1) The State Constitution requires Michigan to have a balanced budget at the end of the state's fiscal year on September 30, and present projections show expenditures to that time exceeding revenues by as much as \$225 million.

(2) Governor Milliken wants to cover this shortfall by reducing the fiscal 1981-82 appropriations for local units of government and institutions of higher education. He proposes that payments normally made for the July 1-Sept. 30, 1982 4th quarter be delayed in effect until after October 1. For all state colleges, this amount would be \$136.7 million, or about \$1.6 million for SVSC.

(3) Milliken stated that "reductions of this magnitude, if not modified, would have long-term programmatic consequences" and that "my recommendations for fiscal

1983 for these areas include additional funds to reduce the negative impact of the proposed reduction and to reverse the effects of recent revenue losses and inflation."

(4) In his explanation to the Presidents Council, State Budget Director Dr. Gerald Miller said the plan is to "make good" on the money after the 1982-83 fiscal year begins October 1. According to the Lansing Gongwer Report, Miller will recommend that the legislature first pass the 1982-83 budget including the restoration of funds before passing the measure to strip the money from the fourth quarter. "Without that, I would be very nervous," he said.

(5) Like all other state colleges and universities, SVSC invests its state appropriations when received, until the monies are needed to meet expenditures. This investment income would be lost for the state's fourth quarter. There could be some cash flow implications, but alternate funding arrangements such as short term loans will be considered, although this would bring additional costs for interest.

(6) Postponement of our fourth-quarter payment is better and less painful than another executive order cut would be at this time.

(7) In addition to paying back the \$1,626,438 which would in effect be postponed from July 1 until after October 1, the Governor has proposed an 11.7 percent general fund, general purpose increase for next year, which amounts to an additional \$837,789 for SVSC. This would raise the 1982-83 fiscal year appropriation to \$8,008,902. The 1981-82 allocation (after last October's executive order cut of \$221,787) is \$7,171,113.

(8) The 11.7 percent hike proposed for SVSC would not all be discretionary income. (MORE)

(OVER)

\$394,412 would represent economic increases, while \$448,122 would be a base increase. Often in the past, much of SVSC's increase has been earmarked for special programs and projects (such as the mobile units this year), and this practice is expected to continue.

(9) The Governor's recommendation is just that at this point and will require legislative approval before becoming effective. SVSC's final appropriation from Lansing has never been the same amount initially proposed by the executive branch.

(10) Whether the SVSC appropriation for 1982-83 ends up reflecting an 11.7 percent rise will depend on Michigan's economic recovery, the key factor in all aspects of the state budget.

(11) The average percentage increase for colleges and universities next year as proposed would be 11.5 percent, so SVSC would be slightly above that figure. A table printed below from the Governor's budget message shows "Fiscal 1982 Appropriations" which cover the period of October 1, 1981-September 30, 1982, while the period covered by the "Fiscal 1983 Appropriations" would begin this October 1.

(12) If you have questions on the proposed 1982-83 state budget, please feel free to contact the Office of Information Services at ext. 4054. We have the full text of Governor Milliken's Budget Message for 1983, along with the Proposed State of Michigan Executive Budget for 1982-83.

State Colleges and Universities Operating Appropriations GF-GP

	<u>Fiscal 1982 Appropriation</u>	<u>Fiscal 1983 Appropriation</u>	<u>Change</u>	<u>Percent Change</u>
Central Michigan University	\$ 30,847,067	\$ 34,411,919	\$ 3,564,852	11.6
Eastern Michigan University	35,702,402	38,582,746	2,880,344	8.1
Ferris State College	22,824,100	25,556,652	2,732,552	12.0
Grand Valley State College	13,536,059	14,628,746	1,092,687	8.1
Lake Superior State College	5,999,450	6,750,552	751,102	12.5
Michigan State University				
East Lansing Campus	124,825,808	139,845,332	15,019,524	12.0
Agric. Experiment Station	13,202,185	15,573,987	2,371,802	18.0
Coop. Extension Service	11,555,222	13,628,005	2,072,783	17.9
MSU Subtotal	\$149,583,215	\$169,047,324	\$ 19,464,109	13.0
Michigan Tech. University	20,708,821	23,207,198	2,498,377	12.1
MTU--Research Units	1,423,378	1,537,248	113,870	8.0
MTU Subtotal	\$ 22,132,199	\$ 24,744,446	\$ 2,612,247	11.8
Northern Michigan University	21,967,493	23,814,178	1,846,685	8.4
Oakland University	20,460,695	22,911,312	2,450,617	12.0
Saginaw Valley State College	7,171,113	8,008,902	837,789	11.7
University of Michigan	149,605,331	170,638,253	21,032,922	14.1
U of M Dearborn Campus	9,680,697	10,960,294	1,279,597	13.2
U of M Flint Campus	8,736,499	9,570,009	833,510	9.5
U of M Subtotal	\$168,022,527	\$191,168,556	\$ 23,146,029	13.8
Wayne State University	100,135,234	109,271,577	9,136,343	9.1
Western Michigan University	47,526,411	51,336,237	3,809,826	8.0
Institute of Gerontology	888,811	959,916	71,105	8.0
U.P. Health Project	358,415	387,088	28,673	8.0
	\$647,155,191	\$721,580,151	\$ 74,424,960	11.5
Formula Augmentation		\$136,700,000	\$136,700,000	
Total	\$647,155,191	\$858,280,151	\$211,124,960	