



Senate Fiscal Agency
P.O. Box 30036
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BILL ANALYSIS



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**Senate Bill 188:
FY 2021-22 Education Omnibus Appropriation Bill**

Bill Page Nos.

- Article I – School Aid.....1 - 291
- Article II – Community Colleges291 - 313
- Article III – Higher Education.....313 - 351

Date Completed: 3-22-21



Telephone: (517) 373-2768
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Article I
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	15,525,164,800	15,853,068,000	327,903,200	2.1
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	15,525,164,800	15,853,068,000	327,903,200	2.1
Less:				
Federal Funds	1,806,878,500	1,822,478,500	15,600,000	0.9
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	13,718,286,300	14,030,589,500	312,303,200	2.3
Less:				
Other State Restricted Funds	13,667,321,700	13,990,589,500	323,267,800	2.4
GENERAL FUND/GENERAL PURPOSE	50,964,600	40,000,000	(10,964,600)	(21.5)
PAYMENTS TO LOCALS	13,546,289,200	13,873,111,900	326,822,700	2.4

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$15,525,164,800	\$50,964,600

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|-------------|----------|
| 1. Foundation Allowance. The Governor proposed a 2x increase ranging from \$82 to \$164 per pupil. | 203,000,000 | 0 |
| 2. Enrollment Stability Supports. The Governor recommended \$200.0 million to provide declining enrollment districts with funding to restore 70% of their enrollment decline from FY 2020-21 to FY 2021-22. | 200,000,000 | 0 |
| 3. MPSERS Payments. The Governor increased MPSERS payments by a total of \$145.4 million, for a total of nearly \$1.6 billion. | 145,354,000 | (10,000) |
| 4. Out-of-School Learning Opportunities. The Governor proposed a second year of funding for summer school and other out-of-school learning opportunities to address learning loss from COVID-19. Supplemental 2021-6 included the first-year funding request. | 60,000,000 | 0 |
| 5. State Special Education Mandatory Cost Reimbursement. The Governor included an increase of \$41.5 million for required payments. | 41,500,000 | 0 |
| 6. Great Start Readiness Program (GSRP). The Governor proposed to raise the per-child full-day slot payment from \$7,250 up to the proposed minimum foundation allowance level of \$8,275, and to increase the longitudinal study appropriation from \$350,000 to \$600,000 GF/GP. | 32,450,000 | 250,000 |
| 7. Federal Grants. The Governor proposed increasing Federal grants by \$15.6 million, for a total of \$1.8 billion in ongoing Federal funds. | 15,600,000 | 0 |

<p>8. 2% Increases for At Risk, Additional Special Education Payments, ISD Operations, Bilingual Education, and Isolated/Rural Districts. The Governor proposed an increase of 2% for at risk (\$12.5 million), intermediate school district (ISD) operations (\$1.4 million), additional special education reimbursement (\$1.2 million), bilingual education (\$260,000), and isolated/rural districts (\$140,000).</p>	<p>15,483,000</p>	<p>0</p>
<p>9. School Breakfast and Lunch. The Governor proposed a continued increase in school breakfast (\$7.4 million) and school lunch (\$694,400) to reflect increased meals provided during COVID-19.</p>	<p>8,094,400</p>	<p>0</p>
<p>10. Brownfield Redevelopment Reimbursements. The Governor proposed funding pursuant to PA 279 of 2020 that requires reimbursement to ISDs for lost revenue due to brownfields.</p>	<p>7,500,000</p>	<p>0</p>
<p>11. Promise Zone Payments. The Governor proposed increasing Promise Zone reimbursement costs by \$4.1 million, to a total of \$13.8 million.</p>	<p>4,100,000</p>	<p>0</p>
<p>12. Literacy and Math Essentials. The Governor proposed \$2.0 million to provide math essentials, in addition to the existing literacy essentials.</p>	<p>2,000,000</p>	<p>0</p>
<p>13. Center for Educational Performance and Information (CEPI). The Governor proposed increasing funding to CEPI by \$2.0 million, bringing total State support of CEPI to \$18.8 million.</p>	<p>2,000,000</p>	<p>2,000,000</p>
<p>14. Flint Educare. The Governor proposed transferring Educare from the Michigan Department of Education budget to School Aid.</p>	<p>1,000,000</p>	<p>1,000,000</p>
<p>15. Court-Placed Children. The Governor proposed increasing funding for court-placed children from \$7.2 million to \$7.7 million.</p>	<p>500,000</p>	<p>0</p>
<p>16. Robotics. The Governor proposed eliminating \$300,000 for nonpublic schools' robotics and increasing public schools' robotics funding.</p>	<p>0</p>	<p>(300,000)</p>
<p>17. GF/GP to SAF Fund Shift. The Governor proposed reducing GF/GP and Community District Trust Fund and backfilling those funds with SAF.</p>	<p>0</p>	<p>164,900</p>
<p>18. Foundation Allowance Cost Adjustments. Due primarily to declining enrollment, foundation allowance costs are reduced \$192.0 million.</p>	<p>(192,000,000)</p>	<p>0</p>
<p>19. Elimination of One-Time Per-Pupil Payment. The Governor removed funding that provided roughly \$66 per pupil in one-time funding.</p>	<p>(95,000,000)</p>	<p>0</p>
<p>20. Elimination of Growing Districts Payment. The Governor removed funding for districts whose normal pupil membership blend exceeded the 'superblend' that is in place for FY 2020-21.</p>	<p>(66,000,000)</p>	<p>0</p>
<p>21. 20% Reduction to Cyber Schools. The Governor proposed a 20% reduction to foundation allowance payments for cyber schools.</p>	<p>(30,200,000)</p>	<p>0</p>
<p>22. Elimination of Categoricals. The Governor proposed eliminating first-year teacher incentives (\$5.0 million), Reading Corps (\$2.8 million), attendance recovery (\$2.0 million), virtual education supports (\$2.0 million), value-added growth and projection analytics (\$2.0 million), Detroit Public TV (\$2.0 million), Imagine Learning (\$1.5 million), kindergarten entry observation tool (\$1.5 million), school meal debt forgiveness (\$1.0 million), Boys and Girls Club (\$1.0 million), Algebra Nation (\$1.0 million), Teach for America (\$1.0 million), Orton Gillingham dyslexia tool (\$500,000), Chaldean Community Foundation (\$500,000), digital learning preparation (\$500,000), Fitness Foundation (\$400,000), Children's Choice Initiative (\$250,000), Conductive Learning Center (\$250,000), Michigan Council for Women in Technology (\$150,000), distance learning study (\$150,000), industrial and technology education (\$50,000), and a placeholder for the education reform commission (\$100).</p>	<p>(25,523,100)</p>	<p>(14,023,100)</p>

23. School Aid Fund Cash Flow Borrowing. The Governor reduced this line by \$1.9 million, for a remaining total of \$9.5 million.	(1,900,000)	0
24. Economic Adjustments. Includes negative \$55,100 Gross and negative \$46,400 GF/GP for total economic adjustments, of which an estimated negative \$259,800 Gross and negative \$222,500 GF/GP is for legacy retirement costs (pension and retiree health).	(55,100)	(46,400)
Total Changes	\$327,903,200	(\$10,964,600)
FY 2021-22 Governor's Recommendation	\$15,853,068,000	\$40,000,000

Boilerplate Changes from FY 2020-21 Year-to-Date:

- Membership Definitions for Pandemic Learning.** The Governor eliminated special membership provisions and definitions related to pandemic learning. The calculation of pupils in membership for FY 2021-22 would be 90% applied to the count of students in October 2021 plus 10% applied to the count of students in February 2021. (Sec. 6)
- Reduction to Cyber School Foundation Allowance.** The Governor proposed a 20% reduction. (Sec. 20)
- Removal of Requirement to Comply with MKEO.** The Governor proposed eliminating the Michigan Kindergarten Entry Observation (MKEO) tool and also removed the requirement that districts comply with administering the MKEO to receive the discretionary portion of their foundation allowance. (Secs. 22b and 104)
- Extension of Date - Adopt the Michigan Data Hub Network.** The Governor extended by one year the date by which 100% of districts adopt the Michigan Data Hub Network, from September 30, 2021 to September 30, 2022. (Sec. 22m)
- At Risk.** The Governor proposed to increase the percentage, from 30% to 35%, of the amount higher-funded districts receive in per-pupil at risk payments as compared to lower-funded districts. The Governor also added school community liaison personnel as an allowable use of up to 20% of at risk funds. Finally, in this section, the Governor also added a new allowable use of up to 10% of at risk funds for districts to provide evidence-based pre-kindergarten instructional and non-instructional services to children who meet at risk criteria. (Sec. 31a)
- 10 Cents a Meal Administrative Funding.** The Governor changed the funding designated for administration, from up to 10% by districts and 6% by MDE, to up to 10% for MDE and 1% for each project partner. (Sec. 31j)
- GSRP Longitudinal Study.** The Governor removed a requirement that the GSRP longitudinal study include data from kindergarten readiness assessments, and a requirement to use children wait-listed for comparison, along with a determination of the specific GSRP program that students attended the previous year. (Sec. 32d)
- Out-of-School Learning Opportunities.** The Governor added language for this new program where funds would be distributed to each ISD proportionate to the number of pupils enrolled in the ISD or its constituent districts who are economically disadvantaged. ISDs would be required to award funding to in-person summer programs that provide opportunities for students including out-of-school time providers, day camps, child care, and other programs with a successful track record of providing programming for youth, between 5/30/22 and 9/1/22. (Sec. 35g)
- GSRP Payment per Full-Day Slot.** The Governor increased the slot payment from \$7,250 to \$8,275. (Sec. 32d)
- MiSTEM.** The Governor broadened STEM (science, technology, engineering, and math) to include arts. (Sec. 99s)
- Adult Education.** The Governor proposed to change the payments for adult education from the amounts paid in FY 2018-19 to a formula based on each ISD's population aged 18-24 who are not high school graduates (60%), each ISD's proportion of population aged 25 and up who are not high school graduates (35%), and each ISD's proportion of the State population age 18 and up who lack basic English language proficiency (5%). (Sec. 107)
- Shared Time.** The Governor included new language requiring a district offering shared time programs to report each course for which participation by nonpublic or homeschool students exceeds 50% of all students. (Sec. 166b)
- 2020-21 Terms, Definitions, Provisions.** Throughout the bill, one-year provisions related to pandemic learning, days and hours, assessments, and more are removed. (Various sections)

Date Completed: 3-22-21

Fiscal Analyst: Kathryn Summers

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.



Fiscal Years 2020-21 and 2021-22 Governor's Recommendations
 FY 2020-21 Year-to-Date, Supplemental Requests 2021-4 and 2021-6, and FY 2021-22

Items in Yellow are Technical in Nature

Items in Orange are Investment/Supplemental Requests

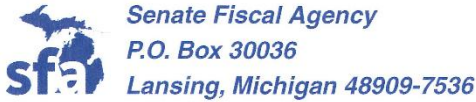
Section	Line Item Description	1/20/2021		2/11/2021
		FY 2020-21 Year-to-Date PA 165 of 2020	FY 2020-21 Supplemental Request 2021-4	FY 2020-21 Supplemental Request 2021-6
11d	Per-Pupil Adjustment to State Aid	\$95,000,000		\$0
11j	School Bond Loan Fund Payments - Debt Service	\$111,000,000		\$111,000,000
11m	Cash Flow Borrowing Costs	\$11,400,000		\$9,500,000
11s	Flint Declaration of Emergency	\$8,075,100		\$8,075,100
11s	Educare	\$0		\$1,000,000
20f	Categorical Offset Payments	\$18,000,000		\$18,000,000
21h	Partnership Model Districts	\$6,137,400		\$6,137,400
22a	Proposal A Obligation Payment	\$4,880,500,000		\$4,729,000,000
22b	Discretionary Payment - State	\$4,566,500,000		\$4,698,800,000
22d	Isolated Districts Funding	\$7,000,000		\$7,140,000
22m	Technology Regional Data Hubs	\$2,200,000		\$2,200,000
24	Court-Placed Pupils	\$7,150,000		\$7,650,000
24a	Juvenile Detention Facilities	\$1,355,700		\$1,355,700
25f	Strict Discipline Academies	\$1,600,000		\$1,600,000
25g	Dropout Recovery	\$750,000		\$750,000
25i	Attendance Recovery	\$2,000,000		\$0
25j	Virtual Learning Supports	\$2,000,000		\$0
26a	Renaissance Zone Costs	\$15,300,000		\$15,300,000
26b	PILT Reimbursement	\$4,645,000		\$4,645,000
26c	Promise Zone	\$9,700,000		\$13,800,000
26d	ISD Brownfield Redevelopment Reimbursement	\$0		\$7,500,000
29a	Growing Districts Categorical	\$66,000,000		\$0
29b	Enrollment Stability Supports	\$0		\$200,000,000
31a	"At Risk" Pupil Support - Base	\$510,000,000		\$522,500,000
31a(7)	Child and Adolescent Health Centers	\$8,000,000		\$8,000,000
31a(8)	Vision/Hearing Screening	\$5,150,000		\$5,150,000
31a(17)	At Risk Hold Harmless	\$12,000,000		\$12,000,000
31d	School Lunch Programs - State Share	\$23,144,000		\$23,838,400
31d	School Lunch Programs - Federal Share	\$550,000,000		\$556,000,000
31f	School Breakfast	\$4,500,000		\$11,900,000
31j	Support of Local Produce in School Meals	\$2,000,000		\$2,000,000
31k	School Meal Debt	\$1,000,000		\$0
31n	School Mental Health	\$36,900,000		\$36,900,000
31p	Drinking Water Fixture Replacement	\$0		\$0
32d	Great Start - School Readiness	\$249,950,000		\$282,400,000
32p	Great Start Early Childhood Block Grants	\$13,400,000		\$13,400,000
35a(4)	Investment in Literacy Coaches for K-3 Teachers	\$31,500,000		\$31,500,000
35a(5)	Early Literacy District Grants	\$19,900,000		\$19,900,000
35a()	Michigan Education Corps	\$2,773,000		\$0
35a(7)	Literacy Essentials	\$4,000,000		\$6,000,000
35b	Children's Choice Initiative	\$250,000		\$0
35d	Orton Gillingham Dyslexic Tool	\$500,000		\$0
35e	Boys and Girls Club	\$1,000,000		\$0
35f	Chaldean Community Foundation	\$500,000		\$0
35g	Out-of-School Learning Opportunities	\$0		\$60,000,000
35p	Student Recovery Payments	\$0		\$250,000,000
39a(1)	NCLB Federal DOE Grants	\$749,200,000		\$752,300,000
39a(2)	Other Non-NCLB Federal DOE Grants	\$55,000,000		\$56,500,000
39b	ESSER II Federal Funds	\$0	\$1,656,400,000	\$0
39b	ESSER II State School Aid Fund	\$0	\$300,000,000	\$0
39c	Federal GEER Funds (including EANS)	\$0		\$125,658,900
41	Bilingual Education	\$13,000,000		\$13,260,000
51a	Special Education - Federal IDEA	\$375,000,000		\$380,000,000
51a(2)	Spec. Ed. Foundations - State Share	\$307,500,000		\$329,900,000
51a(3)	Spec. Ed. Hold Harmless to ISDs - State Share	\$1,000,000		\$1,000,000
51a(6)	Spec. Ed. Rules Change - State Share	\$2,200,000		\$2,200,000
51a(11)	Spec. Ed. Non Sec. 52 to ISDs - State Share	\$3,000,000		\$2,500,000
51c	Special Education Headlee - State Share	\$713,400,000		\$733,000,000
51d	Special Education - Other Federal	\$71,000,000		\$71,000,000
51f	Special Education - additional percentage reimbursement	\$60,207,000		\$61,407,000
53a	Court-Placed Spec. Ed. FTEs - State Share	\$10,500,000		\$10,500,000
54	MI School for Deaf and Blind - State Share	\$1,688,000		\$1,688,000
54b	Integrated Behavior and Learning Support (MiBLSi)	\$1,600,000		\$1,600,000
54d	Special Ed Taskforce - Early On	\$7,150,000		\$7,150,000
55	Conductive Learning Center	\$250,000		\$0
56	Spec. Ed. Millage Equalization - State Share	\$40,008,100		\$40,008,100
61a	Vocational Education	\$37,611,300		\$37,611,300



Fiscal Years 2020-21 and 2021-22 Governor's Recommendations
 FY 2020-21 Year-to-Date, Supplemental Requests 2021-4 and 2021-6, and FY 2021-22

Items in Yellow are Technical in Nature
 Items in Orange are Investment/Supplemental Requests

Section	Line Item Description	1/20/2021		2/11/2021	2/11/2021
		FY 2020-21 Year-to-Date PA 165 of 2020	FY 2020-21 Supplemental Request 2021-4	FY 2020-21 Supplemental Request 2021-6	FY 2021-22 Governor's Recommendation
61b	Career and Technical Education/Dual Enrollment	\$8,000,000			\$8,000,000
61d	CTE Incentive Payments	\$5,000,000			\$5,000,000
62	ISD Vocational Ed Millage Equalization	\$9,190,000			\$9,190,000
65	Detroit Precollege Engineering	\$400,000			\$400,000
67	College and Career Readiness Tools	\$3,000,000			\$3,000,000
67a	MITES	\$50,000			\$0
74	Bus Driver Safety Instruction	\$2,025,000			\$2,025,000
74	School Bus Inspections	\$1,789,500			\$1,780,800
81	ISD General Operations Support	\$69,138,000			\$70,521,000
94	Advanced Placement (AP) Incentive Program	\$1,200,000			\$1,200,000
94a	Center for Educ. Perf. and Information - State Share	\$16,848,900			\$18,802,500
94a	Center for Educ. Perf. and Information - Federal	\$193,500			\$193,500
94b	Connecting Information in Education Commission	\$100			\$0
95b	EVAAS	\$2,000,000			\$0
98	Michigan Virtual High School - State	\$7,500,000			\$7,500,000
98d	DPTV Online Curriculum	\$2,000,000			\$0
99h	Robotics	\$4,400,000			\$4,700,000
99h	Robotics for Nonpublics	\$300,000			\$0
99i	Women in Technology	\$150,000			\$0
99s(2)	Comprehensive STEM Initiative (Administration)	\$300,000			\$300,000
99s(3)	Comprehensive STEM Grants	\$3,050,000			\$3,050,000
99s(4)	Math/Science Centers - Federal	\$235,000			\$235,000
99s(4)	MiSTEM Network Regions	\$3,834,300			\$3,834,300
99s(6)	MiSTEM Professional Development and Curriculum	\$750,000			\$750,000
99t	Algebra Nation	\$1,000,000			\$0
99u	Imagine Learning (1/2 for reading; 1/2 for math)	\$1,500,000			\$0
99w	Fitness Foundation	\$400,000			\$0
99x	Teach for America	\$1,000,000			\$0
99z	Teacher Retention Incentives	\$5,000,000			\$0
104	Assessment Testing - State Share	\$31,009,400			\$29,509,400
104	Assessment Testing - Federal Share	\$6,250,000			\$6,250,000
104(16)	Virtual Learning Study	\$150,000			\$0
104f	Digital Literacy Training	\$500,000			\$0
107	Adult Education - State	\$30,500,000			\$30,500,000
147a(1)	MPSERS District Reimbursement	\$100,000,000			\$100,000,000
147a(2)	MPSERS Normal Cost for Lower AROR/Dedicated Gains	\$155,206,000			\$177,460,000
147c	MPSERS Rate Cap (Section 41 of MPSERS Act)	\$1,219,800,000			\$1,329,000,000
147e	MPSERS Additional Normal/DC Costs for PA 92 of 2017	\$51,400,000			\$65,300,000
152a	Adair v State of Michigan	\$38,000,500			\$38,000,500
152b	Nonpublic school health/safety reimbursement	\$0			\$0
TOTAL SCHOOL AID APPROPRIATIONS		\$15,525,164,800	\$1,956,400,000	\$414,353,300	\$15,853,068,000
REVENUE SOURCES					
11	Federal Aid	\$1,806,878,500	\$1,656,400,000	\$130,258,900	\$1,822,478,500
11	School Aid Fund (SAF)	\$13,589,621,600	\$300,000,000	\$221,994,400	\$13,918,589,400
11	General Fund/General Purpose	\$50,964,600	\$0	\$60,000,000	\$40,000,000
11	Community District Trust Fund/\$100 Flint Reserve	\$77,700,100	\$0	\$2,100,000	\$72,000,100
TOTAL REVENUE		\$15,525,164,800	\$1,956,400,000	\$414,353,300	\$15,853,068,000



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Article II
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	425,667,600	434,653,600	8,986,000	2.1
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	425,667,600	434,653,600	8,986,000	2.1
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	425,667,600	434,653,600	8,986,000	2.1
Less:				
Other State Restricted Funds	425,667,600	434,653,600	8,986,000	2.1
GENERAL FUND/GENERAL PURPOSE	0	0	0	0.0
PAYMENTS TO LOCALS	425,667,600	434,653,600	8,986,000	2.1

*As of February 8, 2021

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$425,667,600	\$0
Changes from FY 2020-21 Year-to-Date:		
1. Community College Operational Support Payments. The Governor included a one-time increase of 2.0% as operational support payments outside of base State operations payments. The increase would be distributed using the current statutory funding formula for community colleges.	6,473,100	0
2. MPSERS UAAL Stabilization Payments. The Governor included an increase for this item to reflect an increase in the State's share of costs above the statutory cap. The increase is largely due to updated payroll growth assumptions. This change would bring total MPSERS UAAL stabilization payments for community colleges to \$87.2 million.	3,300,000	0
3. MPSERS Normal Cost Offset. The Governor reduced this item to a total of \$11.7 million. The change reflects the amount necessary to make required payments at the current assumed rate of return for MPSERS of 6.8%.	(694,000)	0
4. North American Indian Tuition Waiver Reimbursement Adjustment. The Governor reduced ITW reimbursements to \$1.7 million to reflect the most recent waiver cost data provided by community colleges.	(93,100)	0
Total Changes	\$8,986,000	\$0
FY 2021-22 Governor's Recommendation	\$434,653,600	\$0

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Schedule of Payments to Community Colleges.** The Governor removed language requiring the State Budget Director to notify the House and Senate Subcommittees before funds are withheld because of a failure to report certain information as required by statute, and changed the schedule for MPERS payments to quarterly rather than monthly. (Sec. 206)
2. **MPERS Payment Schedule.** The Governor included additional language that would allocate MPERS payments based on quarterly payroll reports. (Sec. 207a)
3. **Use and Finance Noncompliance Penalty.** The Governor removed a section that imposes a 1.0% reduction in State funding to a community college for each violation of certain requirements of the Management and Budget Act. (Sec. 208)
4. **Transparency Reporting - Noncompliance Penalty.** The Governor removed language that allows the State Budget Director to withhold monthly payments to community colleges if the colleges do not comply with statutory transparency reporting requirements. The Governor also removed various reporting requirements from this section. (Sec. 209)
5. **Campus Safety Information.** The Governor removed a requirement that colleges certify compliance with the requirements of this section, as well as the ability for the State Budget Director to withhold payments to colleges that fail to do so. (Sec. 209a)
6. **Cost Containment.** The Governor removed a section requiring community colleges to pursue various efficiencies in their operations. (Sec. 212)
7. **Performance Audits.** The Governor removed a section allowing the Auditor General to conduct performance audits on community colleges. (Sec. 220)
8. **COVID-19 Report.** The Governor removed a section containing two reports that require colleges to report various information relative to their responses to COVID-19. (Sec. 226b)
9. **Campus Free Speech Report.** The Governor removed a report on activities related to free speech issues on college campuses. (Sec. 226d)
10. **Communication with the Legislature.** The Governor removed a section prohibiting a community college from taking disciplinary action against an employee who communicates with members of the Legislature or their staff. (Sec. 228)
11. **Tuition Restraint.** The Governor included a new section that would make the receipt of performance funding contingent upon keeping increases in tuition and fee rates for the 2021-22 academic year less than 4.2%. (Sec. 231)

Date Completed: 3-22-21

Fiscal Analyst: Josh Sefton



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Article III
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	1,699,925,400	1,731,967,300	32,041,900	1.9
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,699,925,400	1,731,967,300	32,041,900	1.9
Less:				
Federal Funds	126,026,400	122,726,400	(3,300,000)	(2.6)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,573,899,000	1,609,240,900	35,341,900	2.2
Less:				
Other State Restricted Funds	356,063,300	361,403,300	5,340,000	1.5
GENERAL FUND/GENERAL PURPOSE	1,217,835,700	1,247,837,600	30,001,900	2.5
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$1,699,925,400	\$1,217,835,700

Changes from FY 2020-21 Year-to-Date:

- | | | |
|--|------------|------------|
| <p>1. University Operational Support Payments. The Governor included a one-time increase of 2.0% as operational support payments outside of base State operations payments. The increase would be distributed proportionately to each university's FY 2020-21 base operations amounts. This item also includes a 2.0% increase for MSU AgBioResearch and MSU Extension.</p> | 30,516,100 | 30,516,100 |
| <p>2. MPSERS UAAL Stabilization Payments. The Governor included an increase for this item to reflect an increase in the State's share of costs above the statutory cap. The increase is largely due to updated payroll growth assumptions. This change would bring total MPSERS UAAL stabilization payments for universities to \$13.5 million.</p> | 1,800,000 | 0 |
| <p>3. MPSERS Normal Cost Offset. The Governor increased this item to a total of \$4.7 million. The change reflects the amount necessary to make required payments at the current assumed rate of return for MPSERS of 6.8%.</p> | 3,540,000 | 0 |
| <p>4. North American ITW Reimbursement Adjustment. The Governor increased ITW reimbursements to \$12.4 million to reflect the most recent waiver cost data provided by universities.</p> | 484,000 | 484,000 |

5. Tuition Incentive Program (TIP). The Governor included two adjustments to TIP: The first would be a \$2.5 million TANF increase to account for a projected increase in demand for the program. The second is a \$5.8 million TANF reduction to reflect savings from a proposed boilerplate change that would limit TIP Phase I payments to universities to 2.5 times the average tuition rate of community colleges. In total, support for TIP under the Governor's Recommendation would decrease from \$68.8 million to \$65.5 million.	(3,300,000)	0
6. Midwest Higher Education Compact. The Governor included an increase for dues paid by Michigan to support the Compact, bringing the total to \$116,800.	1,800	1,800
7. Remove One-Time Passthrough Payment to Bay Mills Community College. The Governor removed a \$1.0 million one-time passthrough payment to Bay Mills Community College. The passthrough was performed by Lake Superior State University, so the reduction is reflected in LSSU's operations line.	(1,000,000)	(1,000,000)
Total Changes	\$32,041,900	\$30,001,900
FY 2021-22 Governor's Recommendation	\$1,731,967,300	\$1,247,837,600

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Transparency Reporting.** The Governor removed certain transparency reporting requirements as well as language that allows the State Budget Director to withhold monthly payments to universities if they fail to comply with statutory financial transparency requirements. (Sec. 245)
2. **Campus Safety Information.** The Governor removed the requirement that universities certify compliance with the requirements of this section, as well as the ability for the State Budget Director to withhold payments to universities that fail to do so. (Sec. 245a)
3. **Michigan Tuition Grants - Institutional Limitation.** The Governor removed language that specifies that the \$4.8 million institutional limit for Tuition Grants does not apply to other financial aid programs. (Sec. 252)
4. **Tuition Incentive Program - Limit Payment Size.** The Governor included new language that would limit payments made to universities under Phase I of this program to a per-credit payment that does not exceed 2.5 times the average community college in-district tuition rate. (Sec. 256)
5. **Financial Aid Program Outreach.** The Governor removed a section stating the intent of the Legislature that Treasury launch an aggressive campaign to inform high school students about State financial aid programs. (Sec. 259)
6. **Financial Aid Resources Website.** The Governor removed a number of required specifications to the financial aid informational website required to be created under this section (Sec. 260)
7. **U of M Douglas Lake Biological Station.** The Governor removed a section that designates Douglas Lake a special reserve and states the intent of the Legislature that no State programs or policies be developed that would have a deleterious impact on the research value of Douglas Lake. (Sec. 261)
8. **Tuition Restraint - Lower Threshold.** The Governor reduced the allowable tuition increase under this section from 4.25%, or \$586, to 4.2%, or \$590. (Sec. 265)
9. **Tuition Restraint - Exceeding Limit.** The Governor removed language that restricts a university that exceeds the rate cap from receiving a capital outlay planning or construction authorization, as well as language that specifies that the Legislature may adjust the appropriation to any university that exceeds the rate cap. (Sec. 265)
10. **Performance Funding.** The Governor removed the performance funding formula, and instead provided a one-time increase of 2.0% for all universities proportional to their FY 2020-21 operations funding. (Sec. 265a)
11. **Campus Safety Programs.** The Governor removed a section stating the intent of the Legislature that a portion of State appropriations be used for campus safety, sexual assault prevention programs, and student mental health programs. (Sec. 265e)

12. **ITW Reimbursement for Saginaw Chippewa Tribal College.** The Governor increased the passthrough payment for ITW reimbursement to Saginaw Chippewa Tribal College from \$79,700 to \$82,380 to reflect the most recent ITW cost data. (Sec. 269)
13. **ITW Reimbursement for Bay Mills Community College.** The Governor removed a shell section that provided a \$0 payment to Bay Mills Community College for reimbursement of its ITW costs. (Sec. 270)
14. **Bay Mills One-Time Passthrough Payment.** The Governor removed a one-time payment of \$1.0 million to Bay Mills Community College. (Sec. 270b)
15. **Discouraged Instruction Activity.** The Governor removed a section stating the intent of the Legislature that public universities not use State funds to offer instructional activities that target companies or groups of companies for unionization or decertification of a union. (Sec. 271a)
16. **Human Embryonic Stem Cell Research.** The Governor removed a section stating the intent of the Legislature that public and private organizations' stem cell research provide certain information to the Director of the Department of Health and Human Services. (Sec. 274)
17. **Use and Finance Noncompliance Penalty.** The Governor removed a section that imposes a 1% reduction in State funding to a university for each violation of certain requirements of the Management and Budget Act. (Sec. 275a)
18. **Communications with the Legislature.** The Governor removed a section urging universities not to take disciplinary action against employees who communicate with members of the Legislature or their staff. (Sec. 275d)
19. **Campus Free Speech Report.** The Governor removed a report on activities related to free speech issues on university campuses. (Sec. 275f)
20. **COVID-19 Report.** The Governor removed a section containing two reports that require universities to report various information relative to their responses to COVID-19. (Sec. 275g)
21. **Students with Dependents Report.** The Governor removed a requirement for universities to collect demographic data about students with dependent children and report those data to the Legislature. (Sec. 275i)
22. **Performance Audits.** The Governor removed a section allowing the Auditor General to conduct performance audits of universities as deemed necessary. (Sec. 291)

Date Completed: 3-22-21

Fiscal Analyst: Josh Sefton

Table 1: HIGHER EDUCATION APPROPRIATIONS: GOVERNOR'S RECOMMENDATION

University	FY 2020-21 Year-To-Date Operations ¹	FY 2020-21 Year-To-Date ITW Reimb.	FY 2020-21 Year-To-Date Appropriation	Operations Adjustments		ITW Adjustment and Other Changes	FY 2021-22 Gov. Rec.	Dollar Change From FY 2020-21	Percent Change	Appropriation Per FYES
				2% One-Time Proportional Increase	Total Adjustment					
Central	\$87,600,000	\$1,964,500	\$89,564,500	\$1,752,000	\$1,752,000	\$0	\$91,316,500	\$1,752,000	2.0%	\$5,339
Eastern	77,253,700	301,500	77,555,200	1,545,100	1,545,100	(21,800)	79,078,500	1,523,300	2.0	5,595
Ferris	55,025,500	908,800	55,934,300	1,100,500	1,100,500	57,000	57,091,800	1,157,500	2.1	5,599
Grand Valley	72,313,500	1,177,200	73,490,700	1,446,300	1,446,300	0	74,937,000	1,446,300	2.0	3,407
Lake Superior	14,307,000	945,100	15,252,100	266,100	266,100	(1,018,600)	14,499,600	(752,500)	(4.9)	8,939
Michigan State	287,331,700	1,604,000	288,935,700	5,746,600	5,746,600	328,800	295,011,100	6,075,400	2.1	6,156
Michigan Tech	50,101,600	693,600	50,795,200	1,002,000	1,002,000	75,700	51,872,900	1,077,700	2.1	7,894
Northern	47,809,100	1,060,600	48,869,700	956,200	956,200	(9,100)	49,816,800	947,100	1.9	7,309
Oakland	53,147,400	266,100	53,413,500	1,062,900	1,062,900	67,900	54,544,300	1,130,800	2.1	3,144
Saginaw Valley	30,583,800	219,500	30,803,300	611,700	611,700	(65,600)	31,349,400	546,100	1.8	4,334
UM-Ann Arbor	321,970,100	961,000	322,931,100	6,439,400	6,439,400	114,600	329,485,100	6,554,000	2.0	6,688
UM-Dearborn	26,167,000	167,800	26,334,800	523,300	523,300	(2,800)	26,855,300	520,500	2.0	3,754
UM-Flint	23,616,200	348,200	23,964,400	472,300	472,300	(3,200)	24,433,500	469,100	2.0	4,015
Wayne State	202,996,700	462,200	203,458,900	4,059,900	4,059,900	7,500	207,526,300	4,067,400	2.0	8,945
Western	111,522,200	841,700	112,363,900	2,230,400	2,230,400	(46,400)	114,547,900	2,184,000	1.9	6,187
Subtotal University Operations:	\$1,461,745,500	\$11,921,800	\$1,473,667,300	\$29,214,700	\$29,214,700	(\$516,000)	\$1,502,366,000	\$28,698,700	1.9%	\$5,888
MPSERS Reimbursement			\$11,695,000			\$1,800,000	\$13,495,000	\$1,800,000	15.4%	
MPSERS Normal Cost Offset			1,200,000			3,540,000	4,740,000	3,540,000	295.0	
MSU AgBioResearch	34,937,300		34,937,300	698,700	698,700		35,636,000	698,700	2.0	
MSU Extension	30,136,100		30,136,100	602,700	602,700		30,738,800	602,700	2.0	
Higher Education Database			200,000				200,000	0	0.0	
Midwest Higher Ed Compact			115,000			1,800	116,800	1,800	1.6	
King-Chavez-Parks			2,691,500				2,691,500	0	0.0	
Total Universities			\$1,554,642,200	\$30,516,100	\$30,516,100	\$4,825,800	\$1,589,984,100	\$35,341,900	2.3%	
School Aid Fund			356,063,300	0	0	5,340,000	361,403,300	5,340,000	1.5	
State GF/GP			\$1,198,578,900	\$30,516,100	\$30,516,100	(\$514,200)	\$1,228,580,800	\$30,001,900	2.5%	
Grants and Financial Aid										
State Competitive Scholarships			\$29,861,700				\$29,861,700	\$0	0.0%	
Tuition Grants			42,021,500				42,021,500	0	0.0	
Tuition Incentive Program (TIP)			68,800,000			(3,300,000)	65,500,000	(3,300,000)	(4.8)	
Children of Veterans & Officer's Tuition			1,400,000				1,400,000	0	0.0	
Project Gear-Up			3,200,000				3,200,000	0	0.0	
Total Grants/Financial Aid			\$145,283,200			(\$3,300,000)	\$141,983,200	(\$3,300,000)	(2.3%)	
Federal Higher Ed Act			3,200,000			0	3,200,000	0	0.0	
Federal TANF			122,826,400			(3,300,000)	119,526,400	(3,300,000)	(2.7)	
State GF/GP			\$19,256,800	\$0	\$0	\$0	\$19,256,800	\$0	0.0%	
TOTAL HIGHER EDUCATION										
TOTAL ALL FUNDS			\$1,699,925,400	\$30,516,100	\$30,516,100	\$1,525,800	\$1,731,967,300	\$32,041,900	1.9%	
TOTAL FEDERAL			126,026,400	0	0	(3,300,000)	122,726,400	(3,300,000)	(2.6)	
TOTAL STATE RESTRICTED			356,063,300	0	0	5,340,000	361,403,300	5,340,000	1.5	
TOTAL STATE GF/GP			\$1,217,835,700	\$30,516,100	\$30,516,100	(\$514,200)	\$1,247,837,600	\$30,001,900	2.5%	

¹ Operations figure for LSSU includes a \$1.0 one-time passthrough payment to Bay Mills Community College. This amount was removed, which is reflected in the ITW Adjustment and Other Changes column.