

**EDUCATION OMNIBUS BUDGET: FYs 2011-12 and 2012-13**  
**Summary: As Passed by the House**  
**House Bill 4325 (H-1) as Amended**



**TOTAL APPROPRIATIONS BY BUDGET AREA**

Budget Area (Bill Page) [Summary Page]	FY 2011-12 Appropriations		FY 2012-13 Anticipated Appropriations	
	Gross	GF/GP	Gross	GF/GP
School Aid (Page 2) [2]	\$12,225,746,200	\$461,172,700	\$12,190,549,600	\$393,872,700
Community Colleges (Page 175) [12]	251,996,800	56,116,300	251,996,800	56,116,300
Higher Education (Page 190) [17]	1,362,278,400	564,032,500	1,371,038,400	564,032,500
<b>TOTAL</b>	<b>\$13,840,021,400</b>	<b>\$1,081,321,500</b>	<b>\$13,813,584,800</b>	<b>\$1,014,021,500</b>

**Note:** Under House Bill 4325 (H-1), the Community Colleges and Higher Education budgets would be merged into the compiled School Aid Act.

**SCHOOL AID: FYs 2011-12 and 2012-13**  
**Summary: As Passed by the House**  
**Article I, House Bill 4325 (H-1) as Amended**



**Analysts: Mary Ann Cleary**  
**Bethany Wicksall**

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 House	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 House	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	--	\$0	\$0	--
<b>Federal</b>							
ARRA	500,526,900	0	(500,526,900)	(100.0)	0	0	--
Non-ARRA	1,677,806,400	1,653,331,800	(24,474,600)	(1.5)	1,653,331,800	0	--
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	0	0	0	--	0	0	--
<b>Restricted</b>	10,937,260,500	10,111,241,700	(826,018,800)	(7.6)	10,143,345,100	32,103,400	0.3
<b>GF/GP</b>	18,642,400	461,172,700	442,530,300	2,373.8	393,872,700	(67,300,000)	(14.6)
<b>Gross</b>	<b>\$13,134,236,200</b>	<b>\$12,225,746,200</b>	<b>(\$908,490,000)</b>	<b>(6.9)</b>	<b>\$12,190,549,600</b>	<b>(\$35,196,600)</b>	<b>(0.3)</b>

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources.

**Overview**

The School Aid budget makes appropriations to the state's 551 local school districts, 247 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance and Information, Department of Energy, Labor and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education.

		House Changes		
		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>				
<b>1. Per Pupil Reduction of \$170 (Sec. 11d)</b>		<b>Gross (\$268,590,300)</b>	<b>\$268,590,300</b>	<b>\$0</b>
<u>Executive</u> rolls the per pupil reduction under this section into a permanent reduction of each district's foundation allowance under Sec. 20.		Restricted (268,590,300)	268,590,300	0
<u>House</u> concurs with Executive.				
<b>2. Proposal A Obligation Payment (Sec. 22a)</b>		<b>Gross \$5,764,000,000</b>	<b>(\$82,000,000)</b>	<b>(\$80,000,000)</b>
<u>Executive</u> reduces funding for FY 2011-12 by \$81.5 million to incorporate estimates in taxable values and pupil memberships. Also reflects the elimination of Sec. 6(4)(y), a declining enrollment grant which allows certain districts to use a 3-year average membership count for foundation payment purposes as opposed to the statutory one-year blend. Assumes taxable value changes and further pupil declines of 18,000 for FY 2012-13, which saves an additional \$92.0 million.		Restricted 5,764,000,000	(82,000,000)	(80,000,000)
<u>House</u> reduces funding for FY 2011-12 by \$82.0 million to incorporate cost estimates and to eliminate all but \$100 placeholder Sec. 6(4)(y) declining enrollment grants, which was added in Sec. 22b. Assumes further savings of \$80.0 million in FY 2012-13.				

		House Changes			
<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>		<u>FY 2010-11 YTD (as of 2/17/11)</u>	<u>FY 2010-11 to FY 2011-12</u>	<u>FY 2011-12 to FY 2012-13</u>	
<b>3. Discretionary Payment (Sec. 22b)</b>		<b>Gross</b>	<b>\$3,757,756,600</b>	<b>(\$696,756,500)</b>	<b>(\$4,000,000)</b>
<u>Executive</u> reduces funding by \$563.8 million in state funds and \$184.3 in Federal ARRA funds for a total decrease in overall funding of \$748.0 million from the current year to adjust for the \$470 per pupil reduction in foundation allowance payments, the elimination of district specific foundation allowance adjustments (which range from an additional \$88 to \$1,173 per pupil, See <i>Major Boilerplate Changes, Section 20, Below</i> ) and for estimated changes in taxable values and pupil estimates. FY 2012-13 estimates adjust for estimated taxable value and pupil changes in the following year.		ARRA	184,256,600	(184,256,600)	0
<u>House</u> reduces funding by \$512.5 million in state funds along with the elimination of Federal ARRA funds for a total reduction of \$696.8 million. Reduces the foundation allowance for each district by an amount equal to 3.5% times the district's foundation allowance in FY 2010-11 or the basic foundation allowance, whichever is less, and then further reduces it by \$170 per pupil to roll in the Sec. 11d reductions.		Restricted	3,573,500,000	(512,499,900)	(4,000,000)
<b>4. School Bond Redemption Fund (Sec. 11j)</b>		<b>Gross</b>	<b>\$5,167,800</b>	<b>\$88,407,500</b>	<b>(\$3,996,600)</b>
<u>Executive</u> increases by \$88.4 million to pay for increased interest payments. (FY 2010-11 costs were reduced from \$45.1 million due to one-time refinancing savings.) FY 2012-13 figures reflect estimated cost changes for the following year.		Restricted	5,167,800	88,407,500	(3,996,600)
<u>House</u> concurs with Executive.					
<b>5. Cash Flow Borrowing Costs (Sec. 11m)</b>		<b>Gross</b>	<b>\$45,000,000</b>	<b>(\$25,000,000)</b>	<b>\$10,000,000</b>
<u>Executive</u> decreases costs to reflect anticipated lower interest rates for short-term borrowing costs related to the State School Aid Fund. FY 2012-13 costs are adjusted for anticipated increases.		Restricted	45,000,000	(25,000,000)	10,000,000
<u>House</u> concurs with Executive.					
<b>6. Federal Education Jobs (EdJobs) Funds (Sec. 11p)</b>		<b>Gross</b>	<b>\$316,270,300</b>	<b>(\$316,270,300)</b>	<b>\$0</b>
<u>Executive</u> eliminates one-time federal EdJobs funding which was distributed to districts based on the 2x formula with amounts ranging from \$111 to \$222 per pupil and to intermediate school districts based on a percentage of their Sec. 81 payments.		Federal	316,270,300	(316,270,300)	0
<u>House</u> concurs with Executive.					
<b>7. Isolated and Rural District Grants (Sec. 22d)</b>		<b>Gross</b>	<b>\$2,025,000</b>	<b>(\$2,025,000)</b>	<b>\$0</b>
<u>Executive</u> eliminates funding for the two grant programs targeted at small, rural districts.		Restricted	2,025,000	(2,025,000)	0
<u>House</u> concurs with Executive.					
<b>8. Michigan Business Tax (MBT) Impact on Out of Formula District Grants (Sec. 22e)</b>		<b>Gross</b>	<b>\$1,800,000</b>	<b>(\$1,800,000)</b>	<b>\$0</b>
<u>Executive</u> eliminates funding which held out-of-formula districts harmless from local personal property tax exemptions when the MBT was created.		Restricted	1,800,000	(1,800,000)	0
<u>House</u> concurs with Executive.					
<b>9. DHS Juvenile Detention Facilities (Sec. 24a)</b>		<b>Gross</b>	<b>\$1,440,000</b>	<b>(\$242,500)</b>	<b>\$0</b>
<u>Executive</u> decrease costs of education for students held in Department of Human Service (DHS) juvenile detention facilities due to facility closures and therefore fewer pupils.		Restricted	1,440,000	(242,500)	0
<u>House</u> concurs with Executive.					

		House Changes		
Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
<b>10. Youth Challenge Program (Sec. 24c)</b>	<b>Gross</b>	<b>\$742,300</b>		
Executive decreases by \$97,000 to reflect actual FY 2010-11 grant award for the Youth Challenge program, a residential disciplinary program for at-risk youth, run by the Department of Military and Veterans Affairs department in Battle Creek.	Restricted	742,300	(\$97,500) (97,500)	\$0 0
House concurs with Executive.				
<b>11. Payment in Lieu of Taxes Reimbursement (Sec. 26b)</b>	<b>Gross</b>	<b>\$3,400,000</b>		
Executive decreases payments to reflect lower property values.	Restricted	3,400,000	(\$510,000) (510,000)	\$0 0
House concurs with Executive.				
<b>12. Declining Enrollment Grants (Sec. 29)</b>	<b>Gross</b>	<b>\$20,000,000</b>		
Executive eliminates funding for this grant program which provides additional funds based on a three-year average membership for districts with two consecutive years of declining enrollment.	Restricted	20,000,000	(\$20,000,000) (20,000,000)	\$0 0
House concurs with Executive.				
<b>13. At-Risk Grants (Sec. 31a)</b>	<b>Gross</b>	<b>\$308,988,200</b>		
Executive maintains total funding for At-risk pupil support to districts, but eliminates exceptions which currently allow Dearborn and Baldwin to qualify for funding despite language that otherwise prohibits out-of-formula funded districts from qualifying. Dearborn would lose an estimated \$4.9 million and Baldwin would lose an estimated \$243,400. The funds would be distributed among all other qualifying districts.	Restricted	308,988,200	\$0 0	\$0 0
House concurs with the total funding for At-Risk programs, but maintains exceptions to allow Dearborn and Baldwin to qualify for funding.				
<b>14. Early Childhood Investment Corporation (ECIC) Great Start Collaboratives (Sec. 32b)</b>	<b>Gross</b>	<b>\$6,000,000</b>		
Executive maintains total funding for grants to ISDs distributed through ECIC for Great Start Collaboratives to coordinate early childhood programs.	Restricted	6,000,000	\$0 0	\$0 0
House maintains funding for current year and provides intent to transfer funding in FY 2012-13 into early childhood block grants along with funding under Sec. 32d and 32j.				
<b>15. Great Start School Readiness Preschool Program (Sec. 32d)</b>	<b>Gross</b>	<b>\$98,575,000</b>		
Executive maintains funding for preschool programs provided by districts (\$89.4 million) and non-district programs (\$8,875,000) and a longitudinal study of preschool (\$300,000) at current funding levels.	Restricted	89,400,000	\$0 8,875,000	\$0 0
	GF/GP	9,175,000	(8,875,000)	
House maintains total funding for FY 2011-12 for programs but shifts all revenues to School Aid Fund and distributes funding to intermediate districts that will act as fiduciaries and distribute funds to districts and competitive programs. Provides intent to transfer funding in FY 2012-13 into early childhood block grants along with funding under Sec. 32b and 32j. (See other changes in Major Boilerplate Changes below.)				
<b>16. Great Parents Great Start Program (Sec. 32j)</b>	<b>Gross</b>	<b>\$5,000,000</b>		
Executive maintains total funding for grants to ISDs for programs for parents of children age 0-5.	Restricted	5,000,000	\$0 0	\$0 0
House maintains funding for current year and provides intent to transfer funding in FY 2012-13 into early childhood block grants along with funding under Sec. 32d and 32j.				

		House Changes		
Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
<b>17. Bilingual Education Grants (Sec. 41)</b>	<b>Gross</b>	<b>\$2,800,000</b>	<b>(\$2,800,000)</b>	<b>\$0</b>
Executive eliminates funding that provides districts additional funds for educating students of limited English-speaking ability. House concurs with Executive.		Restricted 2,800,000	(2,800,000)	0
<b>18. Special Education Payments (Sec. 51a)</b>	<b>Gross</b>	<b>\$1,517,583,000</b>	<b>(\$103,713,900)</b>	<b>\$51,300,000</b>
Executive reflects estimated federal funding decrease of \$22.3 million and reduces required state payments by \$66.1 million based on cost estimates. Adjusts FY 2012-13 funding for estimated cost increases. House revises costs based on estimates related to House funding proposals.		Federal 459,700,000	(22,300,000)	0
	Restricted	1,057,883,000	(81,413,900)	51,300,000
<b>19. Special Education Hold-Harmless Payment (Sec. 51a(3))</b>	<b>Gross</b>	<b>\$1,400,000</b>	<b>(\$1,400,000)</b>	<b>\$0</b>
Executive eliminates funding for ISDs that receive a hold-harmless payment that guarantees their funding will not fall below 1996-97 funding levels under former sec. 52 and 58. House concurs with Executive.		Restricted 1,400,000	(1,400,000)	0
<b>20. Special Education Intermediate School District (ISD) Center FICA (Sec. 51a(8))</b>	<b>Gross</b>	<b>\$15,313,900</b>	<b>(\$15,313,900)</b>	<b>\$0</b>
Executive eliminates funding for payments which are based on previous state allocations for retirement and Social Security costs attributable to center program employees. House concurs with Executive.		Restricted 15,313,900	(15,313,900)	0
<b>21. Middle College Program (Sec. 64)</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$2,000,000)</b>	<b>\$0</b>
Executive eliminates funding for this program which helps districts develop a middle college with a 5th year of high school in conjunction with a career college or university program. House concurs with Executive.		Restricted 2,000,000	(2,000,000)	0
<b>22. Precollege Engineering and Science Grants (Sec. 65)</b>	<b>Gross</b>	<b>\$905,100</b>	<b>(\$905,100)</b>	<b>\$0</b>
Executive eliminates funding for this program in Detroit, Grand Rapids, and Bay-Arenac, Huron and Tuscola ISDs. House concurs with Executive.		Restricted 905,100	(905,100)	0
<b>23. School Bus Inspections (Sec. 74)</b>	<b>Gross</b>	<b>\$433,800</b>	<b>\$1,095,800</b>	<b>\$0</b>
Executive increases funding to reflect current law, which requires the Michigan State Police to conduct all safety inspections, rather than simply doing random audits of school district safety inspections. House concurs with Executive.		Restricted 433,800	1,095,800	0
<b>24. ISD General Operations Support (Sec. 81)</b>	<b>Gross</b>	<b>\$65,376,800</b>	<b>(\$3,268,800)</b>	<b>\$0</b>
Executive reduces funding by \$3.3 million or 5.0% from current year levels. House concurs with Executive.		Restricted 65,376,800	(3,268,800)	0
<b>25. Postsecondary Agriculture Education Grant (Sec. 92)</b>	<b>Gross</b>	<b>\$300,000</b>	<b>(\$300,000)</b>	<b>\$0</b>
Executive eliminates funding for a new program added in FY 2010-11 at Saginaw Valley State University. House concurs with Executive.		Restricted 300,000	(300,000)	0
<b>26. State Aid to Libraries for Michigan Electronic Library Catalog (MeLCat) Support (Sec. 93)</b>	<b>Gross</b>	<b>\$1,500,000</b>	<b>(\$1,500,000)</b>	<b>\$0</b>
Executive eliminates funding for State Aid to Libraries. In addition, the Executive recommendation eliminates \$2.3 million in the Department of Education budget for State Aid to Libraries. House concurs with Executive.		Restricted 1,500,000	(1,500,000)	0

		House Changes		
Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
<b>27. Center for Educational Performance and Information (CEPI) (Sec. 94a)</b>	<b>Gross</b>	<b>\$23,928,900</b>	<b>(\$15,534,000)</b>	<b>\$0</b>
	Federal	10,067,800	(7,174,600)	0
	Restricted	8,440,000	(8,440,000)	0
	GF/GP	\$5,421,100	\$80,600	\$0
<u>Executive</u> shifts \$8.4 million in School Aid Funds, which were added in FY 2010-11 to support the efforts of districts in linking individual teachers to student achievement data, to Section 152a, which reimburses districts for data collection and reporting costs. Also removes \$7.2 million in Federal funding authorization which was increased in anticipation of a Federal Race to the Top award which the state did not receive. Also includes \$80,600 in GF/GP for economic increases at CEPI. <u>House</u> concurs with Executive.				
<b>28. Positive Behavioral Support Program (Sec. 99i)</b>	<b>Gross</b>	<b>\$300,000</b>	<b>(\$300,000)</b>	<b>\$0</b>
	Restricted	300,000	(300,000)	0
<u>Executive</u> eliminates funding for this program in the Pontiac school district. <u>House</u> concurs with Executive.				
<b>29. Michigan Educational Assessment Program (MEAP) Program (Sec. 104)</b>	<b>Gross</b>	<b>\$43,444,400</b>	<b>\$0</b>	<b>(\$8,500,000)</b>
	Federal	3,250,000	5,000,000	0
	Restricted	40,194,400	(5,000,000)	(8,500,000)
<u>Executive</u> shifts federal Title VI funds, which were used in the FY 2010-11 Department of Education budget for a one time rewrite of the secure site for the Office of Education Assessment and Accountability, back to the MEAP program, allowing for a reduction in School Aid Fund support. Adjusts FY 2012-13 to remove two-year funding for FY 2010-11 and FY 2011-12 related to implementation of assessment changes required under recent state education reforms. <u>House</u> concurs with Executive.				
<b>30. ADAIR - Database Payment (Sec. 152a)</b>	<b>Gross</b>	<b>\$25,624,500</b>	<b>\$8,440,000</b>	<b>\$0</b>
	Restricted	25,624,500	8,440,000	0
<u>Executive</u> shifts \$8.4 million in School Aid Funds from CEPI, which were added in FY 2010-11 to support the efforts of districts in linking individual teachers to student achievement data, to this section which provides funds to districts for data collection and reporting costs. <u>House</u> concurs with Executive.				

#### **Major Boilerplate Changes From FY 2010-11**

##### **Sec. 6(4)(r). Kindergarten Pupil Membership Definition - REVISED**

House maintains current law for FY 2011-12 but requires that beginning in FY 2012-13, a kindergarten pupil must receive an equal number of instructional hours as pupils in grades 1-12 to be counted as a full FTE. Therefore, districts would only receive a full foundation allowance for a kindergarten pupil for a full-day instructional program.

##### **Sec. 6(7). Fall Count Day - RETAINED**

Executive revises the fall pupil membership count day from the fourth Wednesday in September to the first Wednesday in October. House maintains current law.

##### **Sec. 6(19). Definition of Textbook - REVISED**

Executive revises to add "electronic book, or other instructional print or electronic resource" to the definition of a textbook. House concurs with Executive.

##### **Sec. 11. Proration Language (Section 11) - REVISED**

Executive moves the language, which provides for a method for prorating school aid funds in the event that the appropriations exceed the available school aid fund revenue, to Section 195 of an Education omnibus bill. Under the bill, the proration language would now also apply to School Aid Funds appropriated to community colleges and universities.

House concurs with Executive on proration language applying to School Aid Funds appropriated to community colleges and universities but leaves it in Section 11 and maintains 3 separate bills for funding School Aid, community colleges and higher education.

## **Major Boilerplate Changes From FY 2010-11**

### ***Sec. 18(5). District Financial Data - REVISED***

Executive eliminates a requirement that the department make district financial data available online and shall include per pupil amounts spent on instruction and instructional support service functions, and the portion of costs attributable to salaries because it duplicates information provided in Department Bulletins 1011 and 1014. Also eliminates the requirement that districts post a link on their websites to the department website where the financial information was posted. *(This is not an elimination of the budgetary transparency information that each district and ISD are required to post on their own websites.)*

House concurs with Executive.

### ***Sec. 20. Foundation Allowances – REVISED***

Executive revises the calculation of district foundation allowances to reduce each district's foundation allowance to reflect the \$470 per pupil reduction. Also eliminates foundation allowance adjustments based on small class size and adjustments for specific districts including Bois Blanc, Wayne-Westland, Gibraltar, Garden City and Huron. Under this proposal the minimum foundation allowance would equal \$6,846 and the basic foundation allowance would equal \$8,019.

House revises the calculation of district foundation allowances to reduce each district's foundation allowance by 3.5% time the district's FY 2010-11 foundation allowance or the basic foundation allowance, whichever is less, and then further reduces each foundation allowance by \$170 per pupil in order to roll in the Section 11d per pupil reductions. Under this proposal the minimum foundation allowance would equal \$6,890 and the basic foundation allowance would equal \$8,022. Total per pupil reductions would range from \$426 per pupil at the minimum foundation to \$467 per pupil at the basic foundation or above. House concurs on elimination of district-specific and small class size foundation adjustment eliminations.

### ***Sec. 22b. Discretionary Payment of the Foundation Allowance for FY 2012-13 – REVISED***

Executive includes new language that would earmark \$300 million out of the appropriation for foundation allowances in FY 2012-13 for only districts that charge those employees eligible for health care benefits at least the same percentage of costs as that being paid by state employees.

House revises and moves the language to Section 22f. Rather than reducing foundation allowances further in the absence of reforms, it would provide incentive payments in FY 2012-13 to districts that implement reforms.

### ***Sec. 22f. Best Practices Incentives for FY 2012-2013 – NEW***

House creates an incentive grant beginning in FY 2012-13 for districts and ISDs that implement best practices including, at a minimum, two identified practices: That a district or ISD (1) pay no more than a state maximum allowable employer contribution for health care benefits for employees and (2) develop a services consolidation plan in agreement with the department if it hasn't already done so under former Section 11d, and if it has, then it must continue to implement that plan and annually report on progress. Requires the department to identify allowable cost-sharing arrangements for non-instructional and instructional services and creation of joint operating agreements between and among districts, intermediate districts and local units of government. Requires department to create benchmarks to measure successes including demonstrated cost reduction and efficiency and to recognize consolidation and cooperation efforts already in effect as well as continued progress. The state maximum health care benefit would have four rates depending on type of coverage: employee only, employee spouse, employee and children, and full family. For FY 2012-13 the state maximum employer contribution would equal 80% of the state's health plan for each of the four coverage levels in FY 2011-12. In subsequent years the dollar cap would grow by the increase in the Detroit Consumer Price Index.

### ***Sec. 31a. At-Risk Payment – RETAINED***

Executive eliminates exceptions made for Dearborn and Baldwin which would otherwise prohibit districts whose combined state and local revenue per pupil exceeds the basic foundation allowance from receiving At-risk funds. The exception for Dearborn is because more than 25% and at least 4,500 of its students qualify for free or reduced food programs. The exception for Baldwin is because more than 75% of its students qualify for free or reduced food programs. The current allocation for Dearborn is reduced to 75% of its allocation as would otherwise be calculated under the formula.

House retains current exceptions which allow Dearborn and Baldwin to qualify for funding. Also makes providing a crisis intervention or anti-bullying program an allowable use of at-risk funds.

### ***Sec. 32b. Early Childhood Investment Cooperation (ECIC) Collaborative Report – REVISED***

Executive eliminates the required Department report due by December 1 of each year to the appropriations subcommittees, the state budget director, and the fiscal agencies a detailed report of the grants awarded under this section and an analysis of each grant recipient's success in addressing the development of a comprehensive system of early childhood services and supports.

House maintains reporting requirement and establishes intent to move funding in FY 2012-13 to early childhood block grant program administered by ISDs in conjunction with local great start collaboratives. Requires department to work with intermediate districts, districts, great start collaboratives, and ECIC to revise application processes, funding formulas, program criteria, and data reporting requirements and report recommendations to legislature by January 1, 2012.

## **Major Boilerplate Changes From FY 2010-11**

### ***Sec. 32d. Great Start School Readiness Program (GSRP) – REVISED***

Executive eliminates the option that districts may use their GSRP funds for parenting education programs. Currently only districts that were using funds for such programs in 2006-07 may continue to do so and may not spend more than they spent in 2006-07 on parenting education programs.

House maintains current law.

Executive revises early childhood teaching requirements to recognize new early childhood teaching certification (ZS) and to require teachers to complete compliance plans within 2 years rather 4 years from the date of employment. Also eliminates exception for subcontracted programs allowing teachers with 90 credit hours and at least 4 years' teaching experience in a qualified preschool program to meet the requirements to participate in the program.

House concurs with Executive.

Executive revises the definitions of a full-day program and a school-day program, such that a school-day program would be one that operates for the same length of day as the district's first grade, for a minimum of 4 days a week, 30 weeks a year. A full-day program would only be those that provide supplementary child care so that the program totals at least 10 hours per day. Only a full-day program would still be given priority in the allocation of funds (Section 39(8)).

House maintains current law.

House revises this subsection to allocate funds to intermediate districts or consortia to act as fiduciaries for the programs. Requires that in FY 2011-12 the intermediate districts and consortia distribute funds to districts and to competitive programs based on the current funding formula for districts in Sec. 39 and the grant award distribution for competitive programs in Sec. 32l as directed by the department. Requires districts and competitive grant recipients to comply with existing program requirements. Establishes intent to move funding in FY 2012-13 to early childhood block grant program administered by ISDs in conjunction with local great start collaboratives. Requires department to work with intermediate districts, districts, great start collaboratives, and ECIC to revise application processes, funding formulas, program criteria, and data reporting requirements and report recommendations to legislature by January 1, 2012.

### ***Sec. 32j. Great Parents Great Start Report – REVISED***

Executive eliminates the required Department report due by December 1 of each year to the state budget director, and the fiscal agencies a report summarizing the data collected by each ISD on the number of children in families under 200% of the federal poverty level receiving services under this section and the total number of children receiving services under this section.

House concurs to delete reporting requirement and establishes intent to move funding in FY 2012-13 to early childhood block grant program administered by ISDs in conjunction with local great start collaboratives. Requires department to work with intermediate districts, districts, great start collaboratives, and ECIC to revise application processes, funding formulas, program criteria, and data reporting requirements and report recommendations to legislature by January 1, 2012.

### ***Sec. 40. GSRP report – REVISED***

Executive eliminates the biennial report of the department's review of alternative methods for determining number of children construed to be in need of school readiness programs.

House concurs with Executive.

### ***Sec. 51a(15). Public School Academy (PSA) Special Education – RETAINED***

Executive eliminates rules for the provision of special education programs and services and the payment for the added costs of special education for PSA pupils who live outside of the intermediate school district in which the PSA is located. Requires the responsibility and costs to remain with the district or ISD in which the pupil lives unless the PSA and the district or ISD in which it is located in have a written agreement with the resident district or ISD that specifies the responsibility for those costs.

House maintains current language.

### ***Sec. 56. Special Education Millage Equalization – REVISED***

Executive revises the per pupil millage equalization levels to \$174,700 for reimbursements made in FY 2011-12 and \$173,000 for reimbursements made in FY 2012-13, to adjust for taxable value estimates.

House concurs with Executive.

### ***Sec. 62. Vocational Education Millage Equalization – REVISED***

Executive revises the per pupil millage equalization levels to \$190,400 for reimbursements made in FY 2011-12 and \$188,300 for reimbursements made in FY 2012-13, to adjust for taxable value estimates.

House concurs with Executive.

### ***Sec. 81(6). Intermediate School Districts (ISDs) General Operations – DELETED***

Executive eliminates language which would protect from future reductions the portion of an ISD's allocation under Sec. 81 equal to the amount transferred into Section 81 for each ISD in 1994-95 from former section 146 and section 147 related to (Federal Insurance Contributions Act) FICA and retirement.

House concurs with Executive.



## **Major Boilerplate Changes From FY 2010-11**

### **Sec. 94a. Center for Educational Performance and Information (CEPI) – REVISED**

Executive eliminates the CEPI advisory board language which was eliminated pursuant to Executive Order 2010-16.

House concurs with Executive.

### **Sec. 98. Michigan Virtual School – RETAINED**

Executive eliminates the requirement that Michigan Virtual University (MVU) report each December 1 to the appropriations subcommittees, the fiscal agencies, and the state budget director information including a list of Michigan school served by MVU, a list of available online courses offered to Michigan schools, the total number of online course enrollments and completions, overall course completion rate, a summary of federal grant expenditures, and a summary of unmet educational needs that could be addressed by MVU.

House maintains current language.

### **Sec. 99. Math and Science Centers – NEW**

Executive adds a reporting requirement that by July 1, each center receiving funds shall report to the Department performance measures including the statistical change in pre- and post-assessment scores for students enrolled in math and science activities at the center and the statistical change in pre- and post-assessment scores for teachers enrolled in professional development provided by the center.

House concurs with Executive.

### **Sec. 107(6). Adult Education Community College Program – RETAINED**

Executive eliminates a \$200,000 grant for expanding an innovative community college program that focuses on educating adults, which currently goes to Grand Rapids Community College.

House maintains current language.

### **Sec. 109. Instructional services for students hospitalized or confined to home – REVISED**

Executive eliminates the requirement that the department provide a written explanation of a district's responsibilities under this section to each district and to persons upon request and only requires the department to post them online.

House maintains an annual notification to each district but would allow the Department to do so electronically.

### **Sec. 147. Michigan Public School Employees Retirement System (MPERS) Employer Contribution Rates – REVISED**

Executive estimates the MPERS employer contribution rates for FYs 2011-12 and 2012-13 as follows:

House concurs with Executive.

	FY 2010-11		FY 2011-12		FY 2012-13	
	Employees Pre- July 1, 2010	Employees on or after July 1, 2010	Employees Pre- July 1, 2010	Employees on or after July 1, 2010	Employees Pre- July 1, 2010	Employees on or after July 1, 2010
Pension Rate	12.16%	10.66%	15.96%	14.73%	18.62%	17.39%
Retiree Health Rate	8.50%	8.50%	8.50%	8.50%	8.75%	8.75%
<b>Total Rate</b>	<b>20.66%</b>	<b>19.16%</b>	<b>24.46%</b>	<b>23.23%</b>	<b>27.37%</b>	<b>26.14%</b>

# SCHOOL AID LINE ITEM SUMMARY



Sec.	Foundation Allowance Increases:	FY 2010-11	FY 2011-12		FY 2011-12		FY 2012-13	
		PA 217 of 2010 YTD	Change From PA 217 of 2010	Executive Rec	Change From PA 217 of 2010	House Passed	Change FY 2011-12	House Passed
			(\$470)		(3.5%) and (\$170)			
11d	Per Pupil Reduction	(\$268,590,300)	\$268,590,300	\$0	\$268,590,300	\$0		\$0
11g	Durant - Debt Service	\$39,000,000		\$39,000,000		\$39,000,000		\$39,000,000
11j	School Bond Redemption Fund	\$5,167,800	\$88,407,500	\$93,575,300	\$88,407,500	\$93,575,300	(\$3,996,600)	\$89,578,700
11m	Cash Flow Borrowing Costs	\$45,000,000	(\$25,000,000)	\$20,000,000	(\$25,000,000)	\$20,000,000	\$10,000,000	\$30,000,000
11p	Federal Ed Jobs Funding	\$316,270,300	(\$316,270,300)	\$0	(\$316,270,300)	\$0		\$0
22a	Proposal A Obligation Payment	\$5,764,000,000	(\$81,500,000)	\$5,682,500,000	(\$82,000,000)	\$5,682,000,000	(\$80,000,000)	\$5,602,000,000
22b	Discretionary Payment - State	\$3,573,500,000	(\$563,787,000)	\$3,009,713,000	(\$512,499,900)	\$3,061,000,100	(\$4,000,000)	\$3,057,000,100
22b	Discretionary Payment - Federal ARRA	\$184,256,600	(\$184,256,600)	\$0	(\$184,256,600)	\$0		\$0
22d	Isolated District Funding	\$2,025,000	(\$2,025,000)	\$0	(\$2,025,000)	\$0		\$0
22e	MBT Impact on Out of Formula Districts	\$1,800,000	(\$1,800,000)	\$0	(\$1,800,000)	\$0		\$0
22f	Best Practices	\$0		\$0		\$0		\$0
24	Court-Placed Pupils	\$8,000,000		\$8,000,000		\$8,000,000		\$8,000,000
24a	Juvenile Detention Facility Programs	\$1,440,000	(\$242,500)	\$1,197,500	(\$242,500)	\$1,197,500		\$1,197,500
24c	Youth Challenge Program	\$742,300	(\$97,500)	\$644,800	(\$97,500)	\$644,800		\$644,800
26a	Renaissance Zone Reimbursement	\$26,300,000		\$26,300,000		\$26,300,000		\$26,300,000
26b	PILT Reimbursement	\$3,400,000	(\$510,000)	\$2,890,000	(\$510,000)	\$2,890,000		\$2,890,000
29	Declining Enrollment Grants	\$20,000,000	(\$20,000,000)	\$0	(\$20,000,000)	\$0		\$0
31a	"At Risk" Pupil Support	\$308,988,200		\$308,988,200		\$308,988,200		\$308,988,200
31a(6)	School Based Health Centers	\$3,557,300		\$3,557,300		\$3,557,300		\$3,557,300
31a(7)	Hearing and Vision Screening	\$5,150,000		\$5,150,000		\$5,150,000		\$5,150,000
31d	State School Lunch Programs	\$22,495,100		\$22,495,100		\$22,495,100		\$22,495,100
31d	Federal School Lunch Programs	\$402,506,000		\$402,506,000		\$402,506,000		\$402,506,000
31f	School Breakfast Program	\$9,625,000		\$9,625,000		\$9,625,000		\$9,625,000
32b	ECIC Collaborative Grants	\$6,000,000		\$6,000,000		\$6,000,000		\$6,000,000
32d	Great Start School Readiness - District Grants	\$89,700,000		\$89,700,000		\$89,700,000		\$89,700,000
32d	Great Start School Readiness - Competitive	\$8,875,000		\$8,875,000		\$8,875,000		\$8,875,000
32j	Great Parents Great Start ISD Grants	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000
39a1	Federal "No Child Left Behind"	\$761,973,600		\$761,973,600		\$761,973,600		\$761,973,600
39a2	Other Federal Funding	\$32,359,700		\$32,359,700		\$32,359,700		\$32,359,700
41	Bilingual Education Grants	\$2,800,000	(\$2,800,000)	\$0	(\$2,800,000)	\$0		\$0
51a	Special Education - Federal	\$459,700,000	(\$22,300,000)	\$437,400,000	(\$22,300,000)	\$437,400,000		\$437,400,000
51a(2)	Special Ed ISD Foundation and Costs	\$248,200,000	(\$2,500,000)	\$245,700,000	(\$2,700,000)	\$245,500,000	\$13,100,000	\$258,600,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,400,000	(\$1,400,000)	\$0	(\$1,400,000)	\$0		\$0
51a(6)	Special Ed Admin Rules Changes	\$2,200,000		\$2,200,000		\$2,200,000		\$2,200,000
51a(8)	Special Ed ISD Center FICA	\$15,313,900	(\$15,313,900)	\$0	(\$15,313,900)	\$0		\$0
51a(12)	Special Ed Foundations for Non Sec. 52 to ISDs	\$6,600,000	\$200,000	\$6,800,000	\$200,000	\$6,800,000		\$6,800,000
51c	Special Ed Headlee Obligation (Durant)	\$732,100,000	(\$63,800,000)	\$668,300,000	(\$62,200,000)	\$669,900,000	\$38,200,000	\$708,100,000
53a	Special Ed for Court Placed Pupils	\$13,500,000		\$13,500,000		\$13,500,000		\$13,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000		\$1,688,000		\$1,688,000		\$1,688,000
56	Special Ed ISD Millage Equalization	\$36,881,100		\$36,881,100		\$36,881,100		\$36,881,100
61a	Vocational-Technical Education Programs	\$26,611,300		\$26,611,300		\$26,611,300		\$26,611,300
62	ISD Vocational Education Millage Equalization	\$9,000,000		\$9,000,000		\$9,000,000		\$9,000,000
64	Middle College Program	\$2,000,000	(\$2,000,000)	\$0	(\$2,000,000)	\$0		\$0
65	Precollege Engineering and Science Programs	\$905,100	(\$905,100)	\$0	(\$905,100)	\$0		\$0
74	Bus Driver Safety Instruction	\$1,625,000		\$1,625,000		\$1,625,000		\$1,625,000
74	School Bus Inspections	\$433,800	\$1,095,800	\$1,529,600	\$1,095,800	\$1,529,600		\$1,529,600
81	ISD General Operations Support	\$65,376,800	(\$3,268,800)	\$62,108,000	(\$3,268,800)	\$62,108,000		\$62,108,000
92	Postsecondary Agriculture Education Program	\$300,000	(\$300,000)	\$0	(\$300,000)	\$0		\$0
93	State Aid to Libraries for MELCat Support	\$1,500,000	(\$1,500,000)	\$0	(\$1,500,000)	\$0		\$0
94a	Center for Educational Performance	\$13,861,100	(\$8,359,400)	\$5,501,700	(\$8,359,400)	\$5,501,700		\$5,501,700
94a	Center for Educational Performance - Federal	\$10,067,800	(\$7,174,600)	\$2,893,200	(\$7,174,600)	\$2,893,200		\$2,893,200
98	Michigan Virtual School	\$1,687,500		\$1,687,500		\$1,687,500		\$1,687,500

# SCHOOL AID LINE ITEM SUMMARY



98	Michigan Virtual School - Federal
99	Math and Science Centers - State
99	Math and Science Centers - Federal
99i	Positive Behavioral Support Program
104	MEAP Testing - State
104	MEAP Testing - Federal
107	Adult Education
152a	Adair - Database Payment
<b>TOTAL APPROPRIATIONS</b>	

REVENUE BY SOURCE	
Federal Aid	
Federal Ed Jobs	
Federal ARRA	
School Aid Fund	
General Fund/General Purpose	
<b>TOTAL REVENUE</b>	

FY 2010-11
PA 217 of 2010 YTD
\$2,700,000
\$2,625,000
\$5,249,300
\$300,000
\$40,194,400
\$3,250,000
\$22,000,000
\$25,624,500
<b>\$13,134,236,200</b>

FY 2011-12	
Change From PA 217 of 2010	Executive Rec
	\$2,700,000
	\$2,625,000
	\$5,249,300
(\$300,000)	\$0
(\$5,000,000)	\$35,194,400
\$5,000,000	\$8,250,000
	\$22,000,000
\$8,440,000	\$34,064,500
<b>(\$960,677,100)</b>	<b>\$12,173,559,100</b>

FY 2011-12	
Change From PA 217 of 2010	House Passed
	\$2,700,000
	\$2,625,000
	\$5,249,300
(\$300,000)	\$0
(\$5,000,000)	\$35,194,400
\$5,000,000	\$8,250,000
	\$22,000,000
\$8,440,000	\$34,064,500
<b>(\$908,490,000)</b>	<b>\$12,225,746,200</b>

FY 2012-13	
Change FY 2011-12	House Passed
	\$2,700,000
	\$2,625,000
	\$5,249,300
	\$0
(\$8,500,000)	\$26,694,400
	\$8,250,000
	\$22,000,000
	\$34,064,500
<b>(\$35,196,600)</b>	<b>\$12,190,549,600</b>

\$0	\$1,653,331,800
\$0	\$0
\$0	\$0
\$32,103,400	\$10,143,345,100
(\$67,300,000)	\$393,872,700
<b>(\$35,196,600)</b>	<b>\$12,190,549,600</b>

**COMMUNITY COLLEGES: FYs 2011-12 and 2012-13**  
**Summary: As Passed by the House**  
**Article II, House Bill 4325 (H-1) as Amended**



Analyst: Mark Wolf

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 House	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 House	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	0.0	\$0	\$0	0.0
Federal	0	0	0	0.0	0	0	0.0
Local	0	0	0	0.0	0	0	0.0
Private	0	0	0	0.0	0	0	0.0
Restricted	0	195,880,500	195,880,500	N/A	195,880,500	0	0.0
GF/GP	295,880,500	56,116,300	(239,764,200)	(81.0)	56,116,300	0	0.0
<b>Gross</b>	<b>\$295,880,500</b>	<b>\$251,996,800</b>	<b>(\$43,883,700)</b>	<b>(14.8)</b>	<b>\$251,996,800</b>	<b>\$0</b>	<b>0.0</b>
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. The Community Colleges budget is concurrently moving through the Senate as Senate Bill 171.

**Overview**

The Community Colleges budget supports the 28 community colleges located throughout the state. The colleges are governed by locally-elected board of trustees. The colleges offer a numerous educational programs aimed at traditional transfer students, career and technical education, developmental and remedial education, and continuing education courses. The colleges are funded through a combination of state aid, local property tax revenue, tuition and fees revenue, and other sources of revenue such as federal grants and investment earnings. State aid makes up about 19% of total community college general fund operating revenue, although the revenue mix varies considerably among the colleges.

	FY 2010-11 YTD (as of 2/17/11)	House Changes	
		FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>			
<b>1. Operations Grants</b>	<b>Gross \$292,557,800</b>	<b>(\$40,561,000)</b>	<b>\$0</b>
The House reduces funding for community college operations by 15% (\$43.9 million). Funding for the At-Risk program (\$3.3 million) is re-calculated and rolled into the 28 operations lines. The Executive recommended that funding for community college operations remain unchanged. Each community college would receive the same amount for funding for operations (\$292.6 million) as it did in FY 2011. Operations funding has not changed since FY 2009.	Restricted 0	195,880,500	0
	GF/GP \$292,557,800	(\$236,441,500)	\$0

The Executive recommended that the community colleges budget be incorporated into the school aid act - renamed the State Education Funding Act - with the colleges now receiving the majority of their state aid funded through the School Aid Fund. The House concurs with Executive and the bill structure and the fund shift. The 15% reduction taken by the House is from GF/GP funds.

Neither the House nor the Executive recommended any changes for FY 13, compared to FY 12.

		House Changes			
		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13	
<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>					
<b>2. At Risk Student Success Program</b>		<b>Gross</b>	<b>\$3,322,700</b>	<b>(\$3,322,700)</b>	<b>\$0</b>
The <u>House</u> eliminates the At Risk student success line item		GF/GP	\$3,322,700	(\$3,322,700)	\$0

The House eliminates the At Risk student success line item (developmental education services) and related boilerplate sections distributing funding to the colleges. The distribution of program funds are re-calculated based on newer ACS data (reported in February 2011) compared to the initial Executive calculations utilizing December 2010 data. The revised distribution is then rolled into the individual operations lines. Per boilerplate, the distribution of program funds is based on a base grant of \$40,000 to each college with the remaining balance distributed based on the share of student contact hours in developmental education programs compared to total student contact hours.

The Executive recommended that funding for the At Risk program remain unchanged. This funding (\$3.3 million) has not changed since FY 2004. The Executive revised the distribution, per the boilerplate formula, based on data available as of December 2010.

#### **Major Boilerplate Changes From FY 2010-11**

**NOTES:** (1) No new boilerplate language is proposed for FY 2012-13. (2) Under the Executive Recommendation, boilerplate sections were renumbered as section of the School Aid Act; standard sections are consolidated to apply to all appropriations within the act. Both current year and proposed School Aid Act section numbers are listed where applicable..

#### **Sec. 202/Sec 202. Management and Budget Act – RETAINED**

Subjects funds appropriated to the Management and Budget Act. The Executive deletes this section; the House retains it.

#### **Sec. 203/Sec. 203. Internet Reporting – RETAINED**

Requires colleges and Department of Energy, Labor and Economic Growth (DELEG) to use the Internet to submit reports. The Executive deletes this section; the House retains it.

#### **Sec. 209/Sec. 204. Foreign Goods and Services – RETAINED**

Prohibits the use of funds to purchase foreign goods or services if American products that are competitively priced and of similar quality are available; states preference for Michigan goods and services; states preference for goods and services provided by Michigan businesses owned and operated by veterans. The Executive deletes this section; the House retains it.

#### **Sec. 210/Sec. 205. Deprived and Depressed Communities – RETAINED**

Encourages colleges to ensure businesses in economically distressed areas compete for and perform contracts. The Executive deletes this section; the House retains it.

#### **Sec. 211/Sec. 206. Payment of Appropriations – REVISED**

Provides for 11 payments per year to community colleges; directs Department of Treasury to withhold appropriation if the colleges fail to submit Activities Classification Structure (ACS) data. The Executive and House deleted language allowing funds to be expended to match career and technical education programs under the federal Perkins Act. (Executive Section 173A)

#### **Sec. 216/Sec. 207. Retirement Contributions – RETAINED**

Requires colleges to contribute to the Michigan Public School Employees' Retirement System. (Executive Section Sec. 173B)

#### **Sec. 217/Sec. 208. Capital Outlay Funding – REVISED**

Prohibits colleges from using state funds for construction or maintenance of a self-liquidating project; requires colleges to comply with Joint Capital Outlay Subcommittee use and finance policy for any capital outlay projects. The Executive deleted language requiring the colleges to comply with the use and finance requirements of the Joint Capital Outlay Subcommittee. The House retains the requirement to comply with JCOS use and finance reporting requirements, and adds a provision stating that failure to comply with those requires could result in future capital outlay projects not being considered by JCOS. (Executive Section 173C)

#### **Sec. 224. Collaboration with Universities – DELETED**

The existing language encourages colleges to collaborate with four-year universities and local employers.

#### **Sec. 234/Sec. 211. Equal Opportunities – RETAINED**

Encourages colleges to promote equal opportunities and foster a diverse student body and administration. The Executive deletes this section; the House retains it.

## **Major Boilerplate Changes From FY 2010-11**

### ***Sec. 241. Nursing Education Programs and Grants – DELETED***

General policy statement encouraging community colleges to expand nursing program offerings and enrollments.

### ***Sec. 242. Payments in Lieu of Taxes – DELETED***

States legislative intent that discussion regarding payments in lieu of taxes concerning community colleges be continued.

### ***Sec. 247. Community College Automobile Purchases – DELETED***

Requires community colleges to purchase automobiles made in the state of Michigan or elsewhere in the U.S, if competitively priced and of comparable quality. [A similar section requiring a preference for Michigan or American products remains.]

### ***Sec. 249/Sec. 212. Cost Containment Initiatives – RETAINED***

Encourages colleges to evaluate and pursue efficiency and cost-containment measures, including joint ventures, consolidating services, program collaboration, increasing web-based instruction, improving energy efficiency, eliminating low-volume/high-cost instructional programs, self-insurance, and group purchasing. The **Executive** deletes this section; the House retains it.

### ***Sec. 301/Sec. 217. Manual for Uniform Financial Reporting (MUFR) – RETAINED***

Requires that all data submitted by the colleges to determine state aid comply with MUFR published by DELEG. (Executive Section 174A)

### ***Sec. 302/Sec. 218. Prisoner Credit Hours – RETAINED***

Excludes credit/contact hours for students incarcerated in Michigan correctional institutions from enrollment data submitted by colleges. (Executive Section 174B)

### ***Sec. 304. Performance Indicator Formula – DELETED***

States intent that formula developed by performance indicator task force be used for funding distribution in future years.

### ***Sec. 401. At-Risk Student Success Program – DELETED***

Specifies distribution of at-risk student success grant money. The Executive revises the distribution of At-Risk payments based on updated student contact hour data. The Executive re-allocates the funding distribution based on newer data (as of December 2010). The House deletes this section and builds funding for the program into the operations grants. (Executive Section 175A).

### ***Sec. 405/Sec. 219. Recovery Act P-20 Data System – REVISED***

Provides that colleges shall comply with the provisions in the American Recovery and Reinvestment Act concerning the establishment of a statewide P-20 longitudinal data system. The House re-words this section. (Executive Sec. 175B)

### ***Sec. 502/Sec. 220. Performance Audits – RETAINED***

Provides for performance audits by the auditor general and responses to audits by colleges. (Executive Sec. 176A)

### ***Sec. 504/Sec. 221. Record Retention – RETAINED***

Requires colleges to retain class summaries, class lists, registration documents, student transcripts, and other specified information for audit purposes. (Sec. 176B)

### ***Sec. 505/Sec. 222. Financial Statements – RETAINED***

Requires colleges to submit audited financial statements to various state agencies. (Executive Sec. 176C)

### ***Sec. 506/Sec. 223. North American Indian Tuition Waiver – RETAINED***

Requires report on number of tuition waivers granted to North American Indian students at each college. (Executive Sec. 176D)

### ***Sec. 507/Sec. 224. Aggregate Academic Status – RETAINED***

Requires that colleges, upon request, inform high schools of the aggregate academic status of their students. (Executive Sec. 176E)

### ***Sec. 508/Sec. 225. Tuition Rate Reports – RETAINED***

Requires colleges to report tuition/fee rates and tuition/fee rates revisions to various state agencies. (Executive Sec. 176F)

### ***Sec. 509/Sec. 226. Degrees Awarded by Colleges – RETAINED***

Requires colleges to report to DELEG the numbers and types of associate degrees and other certificates awarded by each college. (Executive Sec. 176G)

### ***Sec. 510. Crime Statistics – DELETED***

Requires colleges to make materials prepared in accordance with federal crime and campus security reporting requirements available through the Internet.

## **New Boilerplate Sections**

### ***Sec. 209. Transparency Website – NEW***

Requires the colleges to post general fund expenditures on its website. Expenditure information would be broken down by various program areas (academic units, administrative units, and other initiatives) and include information on employee salaries and benefits, facility and equipment costs, and fund transfers. The website would also have to include a listing of each employee funded by the college's general fund. Included in this listing would be the employee's name, position, and salary. The website would not include any information that would violate federal or state privacy or security standards.

## **Major Boilerplate Changes From FY 2010-11**

### ***Sec. 210. Block Transfer – NEW***

Establishes a 24-member committee made up of representatives from community colleges, universities, and legislators to develop a process to improve the transferability of core college courses between community colleges and universities, including development equivalency standards and identifying equivalent courses offered by the institutions.

### ***Sec. 213. Reverse Transfer – NEW***

Intent language directing the community colleges to work with public universities to increase the number of awards conferred by community college students who earn credits for course work taken at universities by providing for the "reverse transfer" of credits from the university to the community college.

### ***Sec. 214. Remedial Education Assessment Cut Score – NEW***

Establishes a 12-member committee of community college representatives, K-12 education representatives, and lawmakers to develop a common set of "cut scores" to be utilized by the colleges to determine the place of recent high school graduates in remedial education courses at the colleges.

### ***Sec. 215. Budget Information Report – NEW***

Requires the colleges to submit FY12 budget information to fiscal agencies and the state budget office, and includes intent language that that information also be placed on each college's website.

### ***Sec. 216. Review of Statutory Mandates – NEW***

Intent language providing for the review of statutory mandates imposed on the colleges, including reviewing the costs and necessity of the mandates.

### ***Sec. 296. Funding Proration – NEW***

Subjects the SAF funds appropriated to the community colleges to a proration reduction, if the amount appropriated from the School Aid Fund in the community college budget, higher education budget, and school aid budget exceeds actual funds available. (Executive Section 195).

**FY 2011-2012 Community Colleges Appropriation**

**House Bill 4325 (H-1), As Amended  
As Passed by the House of Representatives**

	FY 2011 Year-to-Date			FY 2012 Executive			FY 2012 House			FY 2012 House v. FY 2011 YTD			Total % Chg.
	Operations	At Risk	Total	Operations	At Risk	Total	Operations	At Risk	Total	Operations	At Risk	Total	
Alpena	\$5,126,100	\$82,100	\$5,208,200	\$5,126,100	\$79,500	\$5,205,600	\$4,436,200	\$0	\$4,436,200	(\$689,900)	(\$82,100)	(\$772,000)	-14.8%
Bay de Noc	\$5,178,400	\$77,900	\$5,256,300	\$5,178,400	\$89,600	\$5,268,000	\$4,489,800	\$0	\$4,489,800	(\$688,600)	(\$77,900)	(\$766,500)	-14.6%
Delta	\$13,751,600	\$108,000	\$13,859,600	\$13,751,600	\$106,600	\$13,858,200	\$11,798,400	\$0	\$11,798,400	(\$1,953,200)	(\$108,000)	(\$2,061,200)	-14.9%
Glen Oaks	\$2,304,800	\$106,600	\$2,411,400	\$2,304,800	\$100,100	\$2,404,900	\$2,061,100	\$0	\$2,061,100	(\$243,700)	(\$106,600)	(\$350,300)	-14.5%
			\$0										
Gogebic	\$4,275,200	\$54,900	\$4,330,100	\$4,275,200	\$55,300	\$4,330,500	\$3,688,600	\$0	\$3,688,600	(\$586,600)	(\$54,900)	(\$641,500)	-14.8%
Grand Rapids	\$17,219,800	\$135,500	\$17,355,300	\$17,219,800	\$136,000	\$17,355,800	\$14,776,500	\$0	\$14,776,500	(\$2,443,300)	(\$135,500)	(\$2,578,800)	-14.9%
Henry Ford	\$20,898,900	\$169,600	\$21,068,500	\$20,898,900	\$186,200	\$21,085,100	\$17,941,300	\$0	\$17,941,300	(\$2,957,600)	(\$169,600)	(\$3,127,200)	-14.8%
Jackson	\$11,542,300	\$146,800	\$11,689,100	\$11,542,300	\$162,100	\$11,704,400	\$9,970,800	\$0	\$9,970,800	(\$1,571,500)	(\$146,800)	(\$1,718,300)	-14.7%
			\$0										
Kalamazoo	\$11,888,600	\$90,600	\$11,979,200	\$11,888,600	\$87,800	\$11,976,400	\$10,194,300	\$0	\$10,194,300	(\$1,694,300)	(\$90,600)	(\$1,784,900)	-14.9%
Kellogg	\$9,311,800	\$138,400	\$9,450,200	\$9,311,800	\$131,000	\$9,442,800	\$8,045,800	\$0	\$8,045,800	(\$1,266,000)	(\$138,400)	(\$1,404,400)	-14.9%
Kirtland	\$2,842,800	\$124,300	\$2,967,100	\$2,842,800	\$123,600	\$2,966,400	\$2,542,600	\$0	\$2,542,600	(\$300,200)	(\$124,300)	(\$424,500)	-14.3%
Lake Michigan	\$5,012,100	\$147,200	\$5,159,300	\$5,012,100	\$145,200	\$5,157,300	\$4,407,300	\$0	\$4,407,300	(\$604,800)	(\$147,200)	(\$752,000)	-14.6%
			\$0										
Lansing	\$29,762,500	\$147,800	\$29,910,300	\$29,762,500	\$141,600	\$29,904,100	\$25,440,000	\$0	\$25,440,000	(\$4,322,500)	(\$147,800)	(\$4,470,300)	-14.9%
Macomb	\$31,773,900	\$83,100	\$31,857,000	\$31,773,900	\$79,500	\$31,853,400	\$27,089,000	\$0	\$27,089,000	(\$4,684,900)	(\$83,100)	(\$4,768,000)	-15.0%
Mid Michigan	\$4,289,200	\$126,100	\$4,415,300	\$4,289,200	\$128,500	\$4,417,700	\$3,769,500	\$0	\$3,769,500	(\$519,700)	(\$126,100)	(\$645,800)	-14.6%
Monroe	\$4,142,800	\$102,100	\$4,244,900	\$4,142,800	\$98,700	\$4,241,500	\$3,622,300	\$0	\$3,622,300	(\$520,500)	(\$102,100)	(\$622,600)	-14.7%
			\$0										
Montcalm	\$2,981,600	\$73,200	\$3,054,800	\$2,981,600	\$66,100	\$3,047,700	\$2,601,100	\$0	\$2,601,100	(\$380,500)	(\$73,200)	(\$453,700)	-14.9%
Mott	\$15,016,400	\$127,700	\$15,144,100	\$15,016,400	\$138,700	\$15,155,100	\$12,906,700	\$0	\$12,906,700	(\$2,109,700)	(\$127,700)	(\$2,237,400)	-14.8%
Muskegon	\$8,518,600	\$87,600	\$8,606,200	\$8,518,600	\$96,100	\$8,614,700	\$7,337,400	\$0	\$7,337,400	(\$1,181,200)	(\$87,600)	(\$1,268,800)	-14.7%
North Central	\$2,893,600	\$103,800	\$2,997,400	\$2,893,600	\$104,000	\$2,997,600	\$2,560,100	\$0	\$2,560,100	(\$333,500)	(\$103,800)	(\$437,300)	-14.6%
			\$0										
Northwestern	\$8,682,000	\$127,200	\$8,809,200	\$8,682,000	\$134,300	\$8,816,300	\$7,509,900	\$0	\$7,509,900	(\$1,172,100)	(\$127,200)	(\$1,299,300)	-14.7%
Oakland	\$20,133,700	\$147,900	\$20,281,600	\$20,133,700	\$141,900	\$20,275,600	\$17,258,900	\$0	\$17,258,900	(\$2,874,800)	(\$147,900)	(\$3,022,700)	-14.9%
St. Clair	\$6,729,800	\$104,500	\$6,834,300	\$6,729,800	\$88,800	\$6,818,600	\$5,811,500	\$0	\$5,811,500	(\$918,300)	(\$104,500)	(\$1,022,800)	-15.0%
Schoolcraft	\$11,767,000	\$124,300	\$11,891,300	\$11,767,000	\$121,500	\$11,888,500	\$10,120,000	\$0	\$10,120,000	(\$1,647,000)	(\$124,300)	(\$1,771,300)	-14.9%
			\$0										
Southwestern	\$6,276,900	\$156,000	\$6,432,900	\$6,276,900	\$162,600	\$6,439,500	\$5,492,000	\$0	\$5,492,000	(\$784,900)	(\$156,000)	(\$940,900)	-14.6%
Washtenaw	\$12,149,000	\$117,500	\$12,266,500	\$12,149,000	\$109,700	\$12,258,700	\$10,436,100	\$0	\$10,436,100	(\$1,712,900)	(\$117,500)	(\$1,830,400)	-14.9%
Wayne County	\$15,889,900	\$166,600	\$16,056,500	\$15,889,900	\$172,500	\$16,062,400	\$13,684,600	\$0	\$13,684,600	(\$2,205,300)	(\$166,600)	(\$2,371,900)	-14.8%
West Shore	\$2,198,500	\$145,400	\$2,343,900	\$2,198,500	\$135,200	\$2,333,700	\$2,005,000	\$0	\$2,005,000	(\$193,500)	(\$145,400)	(\$338,900)	-14.5%
<b>Total</b>	<b>\$292,557,800</b>	<b>\$3,322,700</b>	<b>\$295,880,500</b>	<b>\$292,557,800</b>	<b>\$3,322,700</b>	<b>\$295,880,500</b>	<b>\$251,996,800</b>	<b>\$0</b>	<b>\$251,996,800</b>	<b>(\$40,561,000)</b>	<b>(\$3,322,700)</b>	<b>(\$43,883,700)</b>	<b>-14.8%</b>
<b>Funding Sources</b>													
School Aid Fund	\$0	\$0	\$0	\$195,880,500	\$0	\$195,880,500	\$195,880,500	\$0	\$195,880,500				
General Fund/General Purpose	\$292,557,800	\$3,322,700	\$295,880,500	\$96,677,300	\$3,322,700	\$100,000,000	\$56,116,300	\$0	\$56,116,300				
<b>Gross Appropriation</b>	<b>\$292,557,800</b>	<b>\$3,322,700</b>	<b>\$295,880,500</b>	<b>\$292,557,800</b>	<b>\$3,322,700</b>	<b>\$295,880,500</b>	<b>\$251,996,800</b>	<b>\$0</b>	<b>\$251,996,800</b>				



# HIGHER EDUCATION: FYs 2011-12 and 2012-13

## Summary: As Passed by the House

### Article III, House Bill 4325 (H-1) as Amended



Analyst: Kyle I. Jen

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 House	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 House	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	4,500,000	98,326,400	93,826,400	2,085.0	107,086,400	8,760,000	8.9
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	30,400,000	699,919,500	669,519,500	2,202.4	699,919,500	0	0.0
GF/GP	1,543,378,500	564,032,500	(979,346,000)	(63.5)	564,032,500	0	0.0
<b>Gross</b>	<b>\$1,578,278,500</b>	<b>\$1,362,278,400</b>	<b>(\$216,000,100)</b>	<b>(13.7)</b>	<b>\$1,371,038,400</b>	<b>\$8,760,000</b>	<b>0.6</b>
FTEs	1.0	0.0	(1.0)	(100.0)	0.0	0.0	--

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011.

(2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

#### Overview

The Higher Education budget contains funding for operational support of the state's 15 public universities, the Agricultural Experiment Station and Cooperative Extension Service operated by Michigan State University, various financial aid programs for students attending public and independent colleges and universities in the state, and several other smaller higher education-related programs.

Major Budget Changes From FY 2010-11 YTD Appropriations	FY 2010-11 YTD (as of 2/17/11)	House Changes	
		FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
<b>1. University Operations</b>	<b>Gross</b>	<b>\$1,420,344,900</b>	<b>(\$213,110,200)</b>
Executive makes the following adjustments to FY 2011-12 operations appropriations for the 15 public universities:	Restricted	0	699,719,500
	GF/GP	\$1,420,344,900	(\$912,829,700)

- Reduces each university's appropriation by 15.0%, for a total reduction of \$213.1 million GF/GP.
- From remaining appropriations, sets aside a total of \$83.0 million in tuition restraint incentive funding (separate line items). Under proposed boilerplate language, these funds would be paid only if a university held its FY 2011-12 resident undergraduate tuition/fee rate increase below the prior-five-year state average of 7.1%. Individual university incentive amounts are based on that university's average tuition/fee rate increase over the last five years, ranging from 5.1% to 9.8% of proposed FY 2011-12 appropriation amounts.
- Replaces \$699.7 million in GF/GP funds with School Aid Fund revenue; School Aid Fund revenue makes up 58.0% of each university's proposed FY 2011-12 appropriation amount.

House concurs with the overall reduction in university operations funding, but applies only a 14.0% across-the-board reduction. The remaining 1.0% reduction is applied based on a sliding scale formula, with larger reductions for universities receiving a higher amount of state funding per student. (Per-student funding amounts range from \$2,393 to \$7,310 following the 14.0% reduction.) Partial offsets are included for Lake Superior State (small enrollment) and Michigan Tech (high-cost degrees). Total percentage reductions to university appropriations from FY 2010-11 amounts range from 14.5% to 15.4%.

Major Budget Changes From FY 2010-11 YTD Appropriations	House Changes		
	FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13

*[University Operations, continued]*

The House utilizes the same methodology as the Executive to set aside tuition restraint incentive amounts and concurs with the overall Executive split between GF/GP and School Aid funding. Finally, Section 274a of the House-passed budget would create additional potential 5.0% reductions to university appropriations (based on proposed FY 2011-12 amounts).

For FY 2012-13, both the Executive and the House propose to roll up university operations funding into a single funding amount of \$1,207.2 million (no change from FY 2011-12 total); proposed boilerplate language would provide for funding to be allocated to the universities using an incentive-based formula yet to be developed.

**2. Agricultural Experiment Station and Cooperative Extension Service**

<b>Gross</b>	<b>\$61,915,700</b>	<b>(\$9,289,900)</b>	<b>\$0</b>
GF/GP	\$61,915,700	(\$9,289,900)	\$0

Executive combines two existing appropriations into a single appropriation for Agricultural Experiment and Cooperative Extension Activities, with a 15.0% reduction in total funding (\$9.3 million GF/GP). Proposed FY 2011-12 funding of \$52.6 million; no further change proposed for FY 2012-13. House concurs.

**3. State Competitive Scholarship Program**

<b>Gross</b>	<b>\$19,861,700</b>	<b>\$0</b>	<b>\$0</b>
Federal	1,500,000	18,361,700	0
GF/GP	\$18,361,700	(\$18,361,700)	\$0

Executive combines funding for existing State Competitive Scholarship and Tuition Grant programs into new appropriation of \$51.5 million for a proposed need-based Pathway to Higher Education Program.

House retains separate appropriation for State Competitive Scholarship program, funded at current FY 2010-11 level of \$19.9 million. State Competitive Scholarship Program is open to students at both public and private colleges/universities and requires both a qualifying ACT score and demonstrated financial need.

Executive and House replace state-level funding for major state financial aid programs with federal TANF funding in order to improve the state's ability to meet federal TANF maintenance-of-effort (MOE) requirements, consistent with supplemental adjustments made in the FY 2007-08, FY 2008-09, and FY 2009-10 budgets and proposed for the FY 2010-11 budget. Offsetting adjustments are proposed in the Human Services budget. Use of TANF funds for financial aid programs also proposed for FY 2012-13.

**4. Tuition Grant Program**

<b>Gross</b>	<b>\$31,664,700</b>	<b>\$0</b>	<b>\$0</b>
Federal	0	31,664,700	0
GF/GP	\$31,664,700	(\$31,664,700)	\$0

Executive combines funding for existing State Competitive Scholarship and Tuition Grant programs into new appropriation of \$51.5 million for a proposed need-based Pathway to Higher Education Program.

House retains separate appropriation for Tuition Grant program, funded at current FY 2010-11 level of \$31.7 million. Tuition Grant Program is a need-based financial aid program restricted to students at independent colleges and universities.

See final paragraph under item 3 above regarding TANF fund shift.

**5. Tuition Incentive Program (TIP)**

<b>Gross</b>	<b>\$37,400,000</b>	<b>\$6,400,000</b>	<b>\$8,760,000</b>
Federal	0	43,800,000	8,760,000
Restricted	30,100,000	(30,100,000)	0
GF/GP	\$7,300,000	(\$7,300,000)	\$0

Executive increases funding for TIP by \$6.4 million for FY 2011-12 (17.1%) to fund projected increase in program participation and costs. TIP pays associate's degree tuition/fee costs for Medicaid-eligible middle- and high-school students who go on to graduate from high school and enroll in college. Additional projected cost increase of \$8.8 million for FY 2012-13 (20.0%). House concurs for both years.

See final paragraph under item 3 above regarding TANF fund shift.

		House Changes		
		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>				
<b>6. Children of Veterans and Officer's Survivor Tuition Programs</b>	<b>Gross</b>	<b>\$1,200,000</b>	<b>\$0</b>	<b>\$0</b>
<u>Executive</u> replaces \$100,000 in state restricted funding with GF/GP funding to reflect that collections from the state income tax form check-off box for the Children of Veterans Tuition Program have been below the currently-appropriated amount of \$300,000. No further change proposed for FY 2012-13. <u>House</u> concurs.	Restricted	300,000	(100,000)	0
	GF/GP	\$900,000	\$100,000	\$0
<b>7. Other Higher Education Programs</b>	<b>FTE</b>	<b>1.0</b>	<b>(1.0)</b>	<b>0.0</b>
<u>Executive</u> maintains appropriations for King-Chavez-Parks grant programs, Robert C. Byrd Honors Scholarship (federal), Project GEAR UP (federal), Higher Education database costs, and Midwest Higher Education Compact dues at current-year levels for both FY 2011-12 and FY 2012-13. <u>House</u> concurs but removes unfilled FTE position for Higher Education database.	<b>Gross</b>	<b>\$5,891,500</b>	<b>\$0</b>	<b>\$0</b>
	Federal	3,000,000	0	0
	GF/GP	\$2,891,500	\$0	\$0

### **Major Boilerplate Changes From FY 2010-11**

**NOTES:** (1) No new boilerplate language is proposed for FY 2012-13. (2) Under Executive Budget and House Committee substitute, boilerplate sections are renumbered as sections of School Aid Act. Both current year (or House Subcommittee) section number and proposed School Aid Act section number are listed below where applicable.

#### **Sec. 203. Research University Definition – DELETED**

Defines the term "Research University" based on Carnegie Classifications. Executive retains. House deletes and removes corresponding designation between universities in line item section.

#### **Sec. 208/238. Reporting Via Internet – RETAINED**

Requires universities to use the internet to fulfill budget act reporting requirements. Executive deletes; House retains.

#### **Sec. 209/239. American Goods and Services – RETAINED**

States preference for American goods and services, as well as those produced in Michigan and those produced by businesses owned by veterans. Executive deletes; House retains.

#### **Sec. 210. Foreign Auto Manufacturers – DELETED**

States intent that funds appropriated to universities not be used to purchase vehicles assembled outside U.S. Executive and House delete.

#### **Sec. 211/240. Deprived and Depressed Communities – RETAINED**

Directs universities to ensure that businesses in deprived and depressed communities compete for and perform contracts. Executive deletes; House retains.

#### **Sec. 212(3)/241(3). Fiscal Agency Report – RETAINED**

Requires report from fiscal agencies on procedures used to arrive at appropriation amounts. Executive deletes; House retains.

#### **Sec. 214. Tuition Tax Credit – DELETED**

Requires universities to submit Michigan Tuition Tax Credit notification to fiscal agencies. Executive and House delete. (Credit would be eliminated under Executive-proposed tax reform plan.)

#### **Sec. 218/245. Posting of Expenditures – REVISED**

States intent that universities maintain a publicly-accessible website containing all expenditures made within a fiscal year; prohibits university from expending more than \$100 to implement the website. Executive deletes. House retains and revises to require report categorizing institutional general fund expenditures among major categories for all academic units, administrative units, and external initiatives and to require a list of all employee salary amounts for positions funded by institutional general fund.

#### **Sec. 219/246. Capital Outlay Reporting – NEW**

Prohibits use of state funds for self-liquidating projects; requires compliance with Joint Capital Outlay Subcommittee reporting requirements; states that failure to comply with requirements may result in forfeiture of future capital outlay project consideration. House adds new section.

#### **Sec. 301/251. State Competitive Scholarship Program – REVISED**

Provides for distribution of funds appropriated for State Competitive Scholarships; specifies maximum grant amount of at least \$1,300, unless insufficient funds are available, in which case a report is required. Executive deletes. House retains and revises specified maximum grant amount to reflect actual FY 2010-11 amount of \$600.

## **Major Boilerplate Changes From FY 2010-11**

### ***Sec. 302/252. Tuition Grant Program – REVISED***

Provides for distribution of funds appropriated for Tuition Grants; specifies maximum grant amount of at least \$2,100, unless insufficient funds are available, in which case a report is required; limits award eligibility to undergraduate students; provides that unexpended funds at close of FY 2010-11 remain available for expenditure in FY 2011-12; caps awards received by students at a single institution at \$3.0 million. Executive deletes. House retains and revises specified maximum grant amount to reflect actual FY 2010-11 amount of \$1,512.

### ***Sec. 182A. [Executive] Pathway to Higher Education Program – NOT INCLUDED***

Specifies provisions for new program proposed under Executive Budget. Program would provide need-based financial aid awards to students attending either public or private colleges and universities who have an Expected Family Contribution (EFC) of \$3,800 or less. Executive adds new section; House does not include.

### ***Sec. 308/254. Financial Aid Payment Schedules – REVISED***

Specifies quarterly payment schedules for the various financial aid programs. Executive and House change Tuition Incentive Program schedule from 40/40/10/10 to 50/50.

### ***Sec. 309/255. Needs Analysis Criteria – RETAINED***

Requires Department of Treasury to determine the needs analysis criteria for students to qualify for State Competitive Scholarships and Tuition Grants. Executive deletes; House retains.

### ***Sec. 315/258. Financial Aid Annual Report – RETAINED***

Requires annual report from Department of Treasury on all state financial aid programs. Executive deletes; House retains.

### ***Sec. 402/261. Douglas Lake Biological Station – RETAINED***

Designates University of Michigan Douglas Lake Biological Station as a unique resource. Executive deletes; House retains.

### ***Sec. 426. Textbook Policies – DELETED***

States intent that each university develop policies for minimizing the costs of textbooks and course materials and submit a report on those policies. Executive and House delete.

### ***Sec. 433/263. Project GREEN – REVISED***

Allocates \$5.6 million from Agricultural Experiment Station and Cooperative Extension Service appropriations for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs). Executive deletes reporting requirement. House retains existing reporting requirement and adds new requirement that Michigan State University consult with experiment station and extension service stakeholders to develop research and outreach priorities and report on those efforts.

### ***Sec. 436/265. Tuition Increases – REVISED***

States intent for universities to increase general fund financial aid expenditures by at the least the same percentage as resident undergraduate tuition/fees, with an emphasis on need-based awards. Executive replaces with language providing for tuition restraint incentive funds appropriated to universities to be paid only if a university certifies that it did not adopt an increase in FY 2010-11 resident undergraduate tuition/fees after February 1, 2011, and that it will not adopt an increase in FY 2011-12 resident undergraduate tuition/fees that is greater than the prior-five-year statewide average tuition/fee increase (7.1%). House includes new language but also retains existing reporting requirements regarding related university financial indicators.

### ***Sec. 437/266. University Funding Formula – NEW***

States that, beginning in FY 2012-13, university operations funding shall be allocated to each university using an incentive-based formula developed by the state budget director, with the advice of relevant stakeholders, and enacted by the Legislature. Executive adds new section. House includes similar intent language but specifies that formula be developed by the Legislature and revises statement of potential policy goals.

### ***Sec. 450. Per-Student Floor Funding – DELETED***

States legislative intent to allocate funds for funding floor of \$3,775 per fiscal year equated student from year-end GF/GP unreserved balance. Executive and House delete.

### ***Sec. 451/268. Unfunded Indian Tuition Waiver Costs – RETAINED***

States legislative intent to allocate funds for unfunded Indian Tuition Waiver costs from year-end GF/GP unreserved balance. Executive deletes; House retains.

### ***Sec. 463. Students from Macomb County – DELETED***

Requires universities to report regarding outreach efforts to enroll students from Macomb County. Executive and House delete.

### ***Sec. 464. Research Commercialization – DELETED***

Requires universities to submit plan to inform private/public sectors regarding research that could be commercialized. Executive and House delete.

### ***Sec. 466. Consolidation of Services – DELETED***

Requires universities to coordinate purchases of goods and services, including use of MiDEAL and MHEC. Executive and House delete.

### ***Sec. 469. Graduates Receiving Pell Grants – DELETED***

Requires universities to report the number of graduates who received Pell Grants during their enrollment. Executive and House delete.

## **Major Boilerplate Changes From FY 2010-11**

### ***Sec. 470/271. Academic Program Accreditation – NEW***

Requires universities to report regarding direct expenditures for academic program accreditation. House adds new section.

### ***Sec. 471/272. Transfer Credit Reporting – NEW***

Requires universities to report regarding the number of transfer credits rejected for incoming students, reported both by academic area and prior institution. House adds new section.

### ***Sec. 472/273. Student Religious Beliefs – NEW***

States intent that universities report regarding efforts to accommodate the religious beliefs of students in accredited counseling programs. House adds new section.

### ***Sec. 473/274. Embryonic Stem Cell Research – NEW***

States intent that universities conducting research using human embryonic stem cells report to the Department of Community Health regarding embryos and stem cell lines received or utilized by the university. House adds new section.

### ***Sec. 274a. [House-passed] Adult Coresident Health Benefits – NEW***

Withholds 5.0% of each university's total appropriation, from the portion funded by School Aid Fund revenue, to be paid to the university only if the university verifies to the Department of Treasury that it does not provide health insurance or other fringe benefits for unmarried adult coresidents of university employees, or dependents of such coresidents. Reappropriates any funds not paid to universities for the purposes of reducing the K-12 Michigan Public School Employees Retirement System contribution rate. House adds new section.

### ***Sec. 480/275. Veterans Policies – RETAINED***

States intent for universities to participate in the Yellow Ribbon GI Education Enhancement Program; requires report on program participation. Executive deletes; House retains.

### ***Sec. 481. Urban Centers – DELETED***

States intent to consider an appropriation for grants to hire a consultant if a university is exploring the possibility of creating an urban center or core in its community. Executive and House delete.

### ***Sec. 490. HEIDI Advisory Committee – DELETED***

Designates funds appropriated for maintenance of HEIDI database established in statute. Executive and House delete.

### ***Sec. 603/285. Community College Transfer – REVISED***

Requires universities to work with community colleges to encourage transfers and facilitate transfer of credits from community colleges to universities. Executive retains. House revises to create committee composed of representatives from universities, community colleges, and Legislature to improve transferability of core college courses between community colleges and universities on a statewide basis; requires interim report by March 1, 2012.

### ***Sec. 604/286. Reverse Transfer – NEW***

States intent that universities work with community colleges to implement state reverse transfer agreements for students transferring from a community college to a university to be able to transfer credits back to the community college and be awarded a credential. House adds new section.

### ***Sec. 701a/290. Degree Programs – REVISED***

Lists new degree programs established by public universities for which credit hours may be reported to state HEIDI database. House inserts new list submitted by Presidents Council

### ***Sec. 702. Responses to Audit Reports – DELETED***

Requires universities to report on implementation of audit report recommendations. Executive and House delete.

### ***Sec. 709. Crime Statistics – DELETED***

Requires universities to make materials prepared in accordance with federal crime and campus security reporting requirements available through the Internet. Executive and House delete.

### ***Sec. 714. Student Records – DELETED***

Requires universities to provide information from the records of a student to persons authorized by student. Executive and House delete.

### ***Sec. 220/296. School Aid Fund Proration – NEW***

Provides for university appropriation amounts funded from School Aid Fund revenue to be reduced (along with K-12 and Community College appropriations) if total School Aid Fund appropriations are greater than the revenue available in the fund. Executive and House add new section.

# FY 2011-12 Public University Funding

As Passed by the House

House Bill 4325 (H-1) as Amended

Across-the-Board Reduction:	14.00%
Sliding Scale Reduction:	1.00%

*Maximum:	(1.64%)
*Midpoint:	(1.10%)
*Minimum:	(0.55%)

Maximum:	(15.4)
Average:	(15.0)
Minimum:	(14.5)

University	Sliding Scale Component								Change from			Amount Contingent		Fund Sourcing		
	FY 2010-11	14.0% Across-	Reduced	Reduced	*Additional %	*Offset for	*Net	Additional	FY 2011-12	FY 2010-11 YTD		on Tuition Restraint	% of	GF/GP	School Aid	School Aid %
	Year-to-Date	the-Board								\$ Amount	Percent					
	as of 2/17/11	Reduction	Appropriation	Approp per	Reduction:	High-Cost	Percent	Reduction	Appropriation			\$ Amount	Approp			
			Amount	FY10 FYES	Sliding Scale	Degrees	Reduction									
Central	\$80,132,000	(\$11,221,800)	\$68,910,200	\$3,148	(0.72%)		(0.72%)	(\$493,500)	\$68,416,700	(\$11,715,300)	(14.6)	\$6,708,000	9.8	\$28,762,000	\$39,654,700	58.0
Eastern	76,026,200	(10,646,800)	65,379,400	3,562	(0.81%)		(0.81%)	(528,500)	64,850,900	(11,175,300)	(14.7)	3,311,000	5.1	27,263,000	37,587,900	58.0
Ferris	48,619,200	(6,808,700)	41,810,500	3,546	(0.80%)		(0.80%)	(336,500)	41,474,000	(7,145,200)	(14.7)	3,364,800	8.1	17,435,500	24,038,500	58.0
Grand Valley	61,976,400	(8,679,200)	53,297,200	2,393	(0.55%)		(0.55%)	(292,000)	53,005,200	(8,971,200)	(14.5)	4,272,300	8.1	22,283,100	30,722,100	58.0
Lake Superior	12,694,200	(1,777,700)	10,916,500	4,763	(1.08%)	0.53%	(0.55%)	(59,800)	10,856,700	(1,837,500)	(14.5)	739,000	6.8	4,564,100	6,292,600	58.0
Michigan State	283,685,200	(39,727,600)	243,957,600	5,525	(1.25%)		(1.25%)	(3,039,400)	240,918,200	(42,767,000)	(15.1)	18,309,200	7.6	101,280,800	139,637,400	58.0
Michigan Tech	47,924,200	(6,711,400)	41,212,800	6,197	(1.40%)	0.30%	(1.10%)	(451,600)	40,761,200	(7,163,000)	(14.9)	3,326,200	8.2	17,135,800	23,625,400	58.0
Northern	45,140,300	(6,321,500)	38,818,800	4,520	(1.02%)		(1.02%)	(396,700)	38,422,100	(6,718,200)	(14.9)	2,145,300	5.6	16,152,400	22,269,700	58.0
Oakland	50,761,300	(7,108,700)	43,652,600	2,751	(0.63%)		(0.63%)	(274,000)	43,378,600	(7,382,700)	(14.5)	3,852,200	8.9	18,236,100	25,142,500	58.0
Saginaw Valley	27,720,700	(3,882,000)	23,838,700	2,696	(0.62%)		(0.62%)	(146,700)	23,692,000	(4,028,700)	(14.5)	1,601,000	6.8	9,960,000	13,732,000	58.0
UM-Ann Arbor	316,254,500	(44,288,600)	271,965,900	6,475	(1.46%)		(1.46%)	(3,963,600)	268,002,300	(48,252,200)	(15.3)	13,830,200	5.2	112,666,800	155,335,500	58.0
UM-Dearborn	24,726,200	(3,462,700)	21,263,500	3,261	(0.74%)		(0.74%)	(157,600)	21,105,900	(3,620,300)	(14.6)	1,394,800	6.6	8,872,800	12,233,100	58.0
UM-Flint	20,898,000	(2,926,600)	17,971,400	2,821	(0.64%)		(0.64%)	(115,600)	17,855,800	(3,042,200)	(14.6)	1,088,700	6.1	7,506,500	10,349,300	58.0
Wayne State	214,171,400	(29,992,800)	184,178,600	7,310	(1.64%)		(1.64%)	(3,026,900)	181,151,700	(33,019,700)	(15.4)	12,765,100	7.0	76,155,200	104,996,500	58.0
Western	109,615,100	(15,350,600)	94,264,500	4,319	(0.98%)		(0.98%)	(921,100)	93,343,400	(16,271,700)	(14.8)	6,313,400	6.8	39,241,100	54,102,300	58.0
<b>TOTAL</b>	<b>\$1,420,344,900</b>	<b>(\$198,906,700)</b>	<b>\$1,221,438,200</b>	<b>\$4,651</b>				<b>(\$14,203,500)</b>	<b>\$1,207,234,700</b>	<b>(\$213,110,200)</b>	<b>(15.0)</b>	<b>\$83,021,200</b>	<b>6.9</b>	<b>\$507,515,200</b>	<b>\$699,719,500</b>	<b>58.0</b>

\*Percentage changes calculated from reduced FY 2011-12 level (after across-the-board reduction), rather than FY 2010-11 YTD level. Maximum reduction is three times amount of minimum reduction.

## TOTAL POTENTIAL REDUCTIONS

University	FY 2010-11	Minimum	Potential	*Potential	Total	As % of	Potential
	Year-to-Date	House-	Tuition	Sec. 274a	Potential	FY 2010-11	Reduction w/
	as of 2/17/11	Passed	Restaint	Reduction	Reduction	Approp	Tuition Restraint
		Reduction	Reduction	Reduction	Reduction		Compliance
Central	\$80,132,000	(\$11,715,300)	(\$6,708,000)	(\$3,085,400)	(\$21,508,700)	(26.8)	(\$3,420,800)
Eastern	76,026,200	(11,175,300)	(3,311,000)	(3,077,000)	(17,563,300)	(23.1)	(3,242,500)
Ferris	48,619,200	(7,145,200)	(3,364,800)	(1,905,500)	(12,415,500)	(25.5)	(2,073,700)
Grand Valley	61,976,400	(8,971,200)	(4,272,300)	(2,436,600)	(15,680,100)	(25.3)	(2,650,300)
Lake Superior	12,694,200	(1,837,500)	(739,000)	(505,900)	(3,082,400)	(24.3)	(542,800)
Michigan State	283,685,200	(42,767,000)	(18,309,200)	(11,130,500)	(72,206,700)	(25.5)	(12,045,900)
Michigan Tech	47,924,200	(7,163,000)	(3,326,200)	(1,871,800)	(12,361,000)	(25.8)	(2,038,100)
Northern	45,140,300	(6,718,200)	(2,145,300)	(1,813,800)	(10,677,300)	(23.7)	(1,921,100)
Oakland	50,761,300	(7,382,700)	(3,852,200)	(1,976,300)	(13,211,200)	(26.0)	(2,168,900)
Saginaw Valley	27,720,700	(4,028,700)	(1,601,000)	(1,104,600)	(6,734,300)	(24.3)	(1,184,600)
UM-Ann Arbor	316,254,500	(48,252,200)	(13,830,200)	(12,708,600)	(74,791,000)	(23.6)	(13,400,100)
UM-Dearborn	24,726,200	(3,620,300)	(1,394,800)	(985,600)	(6,000,700)	(24.3)	(1,055,300)
UM-Flint	20,898,000	(3,042,200)	(1,088,700)	(838,400)	(4,969,300)	(23.8)	(892,800)
Wayne State	214,171,400	(33,019,700)	(12,765,100)	(8,419,300)	(54,204,100)	(25.3)	(9,057,600)
Western	109,615,100	(16,271,700)	(6,313,400)	(4,351,500)	(26,936,600)	(24.6)	(4,667,200)
<b>TOTAL</b>	<b>\$1,420,344,900</b>	<b>(\$213,110,200)</b>	<b>(\$83,021,200)</b>	<b>(\$56,210,800)</b>	<b>(\$352,342,200)</b>	<b>(24.8)</b>	<b>(\$60,361,700)</b>

\*Calculated assuming discompliance with tuition restraint policy.