

FY 2013-14 EDUCATION OMNIBUS BUDGET
Summary: Conference Report
House Bill 4228 (H-1) CR-1



Mary Ann Cleary, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

Budget Area (Bill Page) [Summary Page]	FY 2013-14		
	Gross	SAF / MPSERS	GF/GP
School Aid (3) [3]	\$13,361,803,600	\$11,367,382,300	\$230,000,000
Community College (225) [15]	335,977,600	197,614,100	138,363,500
Higher Education (245) [19]	1,430,573,500	200,565,700	1,132,981,400
TOTAL	\$15,128,354,700	\$11,765,562,100	\$1,501,344,900

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

FY 2013-14: SCHOOL AID
Summary: Conference Report
Senate Bill 182 (CR-1)*



Analyst: Bethany Wicksall

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Conference	Difference: Conference From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	1,701,041,400	1,764,421,300	1,764,421,300	1,764,421,300	\$1,764,421,300	63,379,900	3.7
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	10,961,245,600	11,240,813,500	11,242,113,600	11,231,665,600	11,367,382,300	406,136,700	3.7
GF/GP	282,400,000	230,000,000	230,000,100	229,600,000	230,000,000	(52,400,000)	(18.6)
Gross	\$12,944,687,000	\$13,235,234,800	\$13,236,535,000	\$13,225,686,900	\$13,361,803,600	\$417,116,600	3.2
FTEs	0	0	0	0	0	0	--

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

(3) House information in this document references Article I of House Bill 4228 as passed by the House.

Overview

The School Aid budget makes appropriations to the state's 549 local school districts, 277 public school academies, the Education Achievement System, and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes From FY 2012-13 YTD Appropriations

1. Foundation Allowances (Secs. 22a and 22b)

Executive decreases by \$2.3 million from the current YTD for FY 2013-14 to incorporate consensus estimates for taxable values and pupil estimates. Includes funding for small class size adjustments reduced from \$13.0 million to \$9.0 million for FY 2013-14.

House concurs in total appropriations but revises the distribution of small class size adjustments compared to the Executive.

Senate increases by \$23.2 million to provide a foundation increase through the 2x formula equaling \$9 per pupil for districts at the Basic or higher and as much as \$18 per pupil for districts at the minimum foundation, with an incremental increase in between for districts between the minimum and the Basic. Minimum would increase from \$6,966 to \$6,984.

Conference increases by \$43.4 million to provide a foundation increase through the 2x formula equaling \$30 per pupil for districts at the Basic or higher and as much as \$60 per pupil at the minimum foundation, with an incremental increase in between for districts in between the minimum and the Basic. Minimum would increase from \$6,966 to \$7,026, and the Basic would increase from \$8,019 to \$8,049. The cost of the increase is offset by savings from changing the pupil membership blend. Maintains FY 13 funding for small class size adjustments.

(See Major Boilerplate Changes below for discussion of proposed changes to Small Class Size Adjustments.)

	FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
Gross	\$8,864,300,000	\$43,400,000
Restricted	8,599,110,200	112,687,400
GF/GP	\$265,189,800	(\$69,287,400)

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
2. One-Time Foundation Equity Payment (Sec. 22c)			
<u>Executive</u> provides \$24.0 million in one-time funding for an equity payment of up to \$34 per pupil to districts with foundation allowances below \$7,000. The current minimum foundation allowance is \$6,966 and the state maximum guaranteed foundation allowance is \$8,019. <u>House</u> increases the appropriation to \$36.0 million to provide an equity payment of up to \$50 per pupil to districts with foundation allowances below \$7,016. <u>Senate</u> does not include this line. <u>Conference</u> provides \$36.0 million in one-time funding for an equity payment of up to \$50 per pupil to districts with an FY 14 foundation allowance below \$7,076.	Gross	\$0	\$36,000,000
	Restricted	0	36,000,000
3. MPSERS - Cost Offset (Sec. 147a)			
<u>Executive</u> maintains current funding levels to offset a share of MPSERS costs for districts for FY 2013-14. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> reduces the line to \$100 million, which will reduce the MPSERS offset received by districts by about 36%.	Gross	\$155,000,000	(\$55,000,000)
	Restricted	155,000,000	(55,000,000)
4. MPSERS - Reserve Fund (Sec. 147b)			
<u>Executive</u> eliminates transfer of funds to the MPSERS reserve fund. After deposits in FYs 2011-12 and 2012-13, the fund balance totals \$174.0 million, and \$150.0 million of it is used as a restricted fund source in Section 147c for FY 2013-14. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs with Executive, House, and Senate.	Gross	\$41,000,000	(\$41,000,000)
	Restricted	41,000,000	(41,000,000)
5. MPSERS - State Share of Unfunded Liabilities (Sec. 147c)			
<u>Executive</u> increases funding for the state's share of Michigan Public School Employees' Retirement System (MPSERS) costs as required by PA 300 of 2012. PA 300 caps the employer share of MPSERS contributions for unfunded liabilities at 20.96% of payroll and requires the state to pay the balance. Total appropriations increase to \$403.3 million in FY 2013-14. <u>House</u> concurs. <u>Senate</u> concurs with the increase, but retains \$1.3 million to fund the district library portion of the cost in the School Aid budget rather than transferring it to the Department of Education budget as proposed by the Executive and House. <u>Conference</u> concurs with the Senate. <i>(See Major Boilerplate Changes below for discussion of other proposed changes.)</i>	Gross	\$130,000,000	\$274,600,000
	Restricted	130,000,000	273,300,000
	GF/GP	\$0	\$1,300,000
6. Great Start Readiness Program (GSRP) (Sec. 32d)			
<u>Executive</u> increases funding for preschool programs by \$65.0 million each year to \$174.6 million in FY 2013-14. Additional funding increases the current allocation for each half-day slot from \$3,400 to \$3,625 and provides up to 16,000 more half-day slots in FY 2013-14. ISDs may use two half-day slots to provide a child with a full-day program. <u>House</u> increases by \$38.0 million to \$147.6 million and increases the per diem to \$3,500, thereby increasing the number of funded half-day slots by approximately 9,900. <u>Senate</u> concurs with Executive to increase appropriations to \$174.6 million, but maintains the current allocation for each half-day slot at \$3,400, thus increasing the number of half-day slots by approximately 19,100. <u>Conference</u> concurs with Executive on total appropriation and on the half-day slot allocation of \$3,625. However, of the \$65 million increase, \$25 million is set aside in an early childhood reserve fund to be used if there is sufficient need for the slots. Expenditure of the \$25.0 million would require further legislative action. <i>(See Major Boilerplate Changes below for discussion of other proposed program changes.)</i>	Gross	\$109,575,000	\$65,000,000
	Restricted	109,275,000	65,000,000
	GF/GP	\$300,000	\$0

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
7. Best Practices Incentive Grants (Sec. 22f)		Gross	
<u>Executive</u> decreases funding to \$25.0 million in FY 2013-14. The award would decrease from \$52 per pupil to \$16 per pupil to districts that meet 7 out of 8 best practices criteria. <u>House</u> reduces to a \$100 placeholder. <u>Senate</u> eliminates this line item. <u>Conference</u> maintains current appropriation and provides \$52 per pupil to districts that meet 7 out of 8 criteria. (See Major Boilerplate Changes below for discussion of proposed changes to the 8 criteria.)		Restricted	
		\$80,000,000	\$0
		80,000,000	0
8. Technology Infrastructure Improvement (Sec. 22i)		Gross	
<u>Executive</u> reduces funding to \$13.5 million for FY 2013-14. Funds may be used for the development or improvement of technology infrastructure in preparation for the planned implementation of FY 2014-15 online growth assessments. <u>House</u> maintains funding at FY 2012-13 levels of \$50.0 million. <u>Senate</u> eliminates this line item. <u>Conference</u> concurs with House, but earmarks \$5.0 million of the total for a competitive bid to a provider of whole school technology. (See Major Boilerplate Changes below for discussion of proposed changes.)		Restricted	
		\$50,000,000	\$0
		50,000,000	0
9. District Performance Funding (Sec. 22j)		Gross	
<u>Executive</u> maintains current funding levels for awards to districts up to a maximum of \$100 per pupil: \$30 per pupil for academic growth in grades 3-8 math, \$30 per pupil for academic growth in grades 3-8 reading, and \$40 per pupil for academic growth in all high school tested subjects. Fully funding eligible districts would cost \$46.4 million, so awards would be prorated. <u>House</u> increases to \$46.4 million to fully fund eligible districts. <u>Senate</u> concurs with the House. <u>Conference</u> concurs with House and Senate. (See Major Boilerplate Changes below for discussion of proposed changes.)		Restricted	
		\$30,000,000	\$16,400,000
		30,000,000	16,400,000
10. Consolidation Innovation Grants (Sec. 22g)		Gross	
<u>Executive</u> eliminates one-time competitive funding awarded to districts and ISDs to support both full consolidation and consolidation of services. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> maintains \$5.0 million for consolidation of districts and ISDs.		Restricted	
		\$10,000,000	(\$5,000,000)
		10,000,000	(5,000,000)
11. Competitive Student-Centric (Sec. 22k)		Gross	
<u>Executive</u> provides \$8.0 million in one-time funding in FY 2013-14 for competitive grants to districts that align instruction with individual student learning styles and pace and advance students based on individual mastery of each subject area. <u>House</u> provides \$7.0 million. <u>Senate</u> concurs with Executive but caps an individual district's allocation at \$1.0 million. <u>Conference</u> concurs with Executive.		Restricted	
		\$0	\$8,000,000
		0	8,000,000
12. Intermediate School District (ISD) Operations (Sec. 81)		Gross	
<u>Executive</u> maintained current funding levels for ISDs, including \$62.1 million for general operations and \$2.0 million for ISD best practices. <u>House</u> maintains general operations funding of \$62.1 million but includes only a \$100 placeholder for best practices. <u>Senate</u> concurs with Executive to maintain total funding levels but shifts the \$2.0 million currently allocated for best practices to general operations. <u>Conference</u> concurs with Executive. (See Major Boilerplate Changes below for discussion of other proposed changes.)		Restricted	
		\$64,115,000	\$0
		64,115,000	0

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change	
13. Special Education Funding (Secs. 51a, 51c, 51d, 53a)		Gross	\$1,398,388,000	(\$10,823,000)
<u>Executive</u> decreases by \$10.7 million from the current YTD appropriation for FY 2013-14 to adjust for consensus estimates for the growth in special education reimbursement costs.		Federal	439,000,000	5,000,000
<u>House</u> concurs.		Restricted	959,388,000	(15,823,000)
<u>Senate</u> concurs.				
<u>Conference</u> revises to reflect May cost consensus estimates.				
14. At-Risk Programs (Sec. 31a)		Gross	\$317,695,500	\$0
<u>Executive</u> maintains current year funding levels for at-risk programs, school-based health centers, and hearing and vision screening.		Restricted	317,695,500	0
<u>House</u> concurs.				
<u>Senate</u> concurs.				
<u>Conference</u> concurs with Executive, House, and Senate.				
15. School Lunch Programs (Sec. 31d)		Gross	\$425,001,100	\$60,694,000
<u>Executive</u> increases funding to \$485.7 million to recognize increased available federal funding for the national school lunch program.		Federal	402,506,000	60,694,000
<u>House</u> concurs.		Restricted	22,495,100	0
<u>Senate</u> concurs.				
<u>Conference</u> concurs with Executive, House and Senate.				
16. School Breakfast Programs (Sec. 31f)		Gross	\$9,625,000	(\$4,000,000)
<u>Executive</u> decreases funding by \$4.0 million to \$5.6 million to reflect actual prior-year expenditure levels.		Restricted	9,625,000	(4,000,000)
<u>House</u> concurs.				
<u>Senate</u> concurs.				
<u>Conference</u> concurs with Executive, House and Senate.				
17. Bilingual Education (Sec. 41)		Gross	\$0	\$1,200,000
<u>House</u> adds \$1.3 million for districts and ISDs offering instructional programs to students with limited English-speaking ability. A district or ISD is not eligible for funding if they allow a student who does not legally reside in the United States to participate.		Restricted	0	1,200,000
<u>Senate</u> does not include this line item.				
<u>Conference</u> concurs with House but reduces to \$1.2 million.				
18. Special Education Millage Equalization (Sec. 56)		Gross	\$36,881,100	\$877,000
<u>Exec</u> maintains current appropriation and, after a year of freezing allocations for FY 13 at FY 12 levels, would revert back to the statutory formula that was in place in FY 12.		Restricted	36,881,100	877,000
<u>House</u> maintains current appropriation, and reverts to the statutory distribution formula but revises it such that no ISD receives more than 62.9% of the total allocation.				
<u>Senate</u> increases the appropriation to \$37.6 million, concurs with the house to cap an individual ISD's allocation at 62.9% of the total and provides that no ISD shall receive less than 75% of its prior year allocation.				
<u>Conference</u> concurs with Senate.				
19. Vocational Education Millage Equalization (Sec. 62)		Gross	\$9,000,000	\$190,000
<u>Exec</u> maintains current appropriation and, after a year of freezing allocations for FY 13 at FY 12 levels, would revert back to the statutory formula that was in place in FY 12.		Restricted	9,000,000	190,000
<u>House</u> maintains current appropriation, and reverts to the statutory distribution formula but revises it such that no ISD receives more than 38.4% of the total allocation.				
<u>Senate</u> increases the appropriation to \$9.2 million, concurs with the house to cap an individual ISD's allocation at 38.4% of the total and provides that no ISD shall receive less than 75% of its prior year allocation.				
<u>Conference</u> concurs with Senate.				

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
20. School Bond Redemption Fund (Sec. 11j) <u>Executive</u> increases by \$11.3 million to a total of \$131.7 million in FY 2013-14 to pay for increased interest payments associated with loans to districts participating in the School Bond Loan Program. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs with Executive, House, and Senate.	Gross	\$120,390,000	\$11,270,000
	Restricted	120,390,000	11,270,000
21. Cash Flow Borrowing Costs (Sec. 11m) <u>Executive</u> increases costs to \$6.0 million in FY 2013-14 to reflect anticipated higher interest rates for short-term borrowing costs related to the School Aid Fund. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> increases by \$0.8 million to reflect revised cost estimates.	Gross	\$3,200,000	\$800,000
	Restricted	3,200,000	800,000
22. Isolated District Funding (Sec. 22d) <u>Executive</u> maintains current funding certain small, rural or low-density school districts. <u>House</u> concurs with Executive. <u>Senate</u> increases to \$2.6 million. <u>Conference</u> concurs with Senate.	Gross	\$2,025,000	\$559,600
	Restricted	2,025,000	559,600
23. Renaissance Zone Reimbursements (Sec. 26a) <u>Executive</u> transfers renaissance zone reimbursements to libraries from the School Aid budget to the Department of Education budget. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> adds \$3.2 million for reimbursements to libraries in addition to the \$1.5 million that was transferred to the Department of Education budget. This is a net increase in the School Aid budget of \$1.7 million.	Gross	\$27,800,000	\$1,700,000
	Restricted	26,300,000	0
	GF/GP	\$1,500,000	\$1,700,000
24. Payments In Lieu of Taxes (PILT) (Sec. 26b) <u>Executive</u> increases funding to \$4.0 million in FY 2013-14 to recognize increased PILT reimbursements to districts, ISDs, and community colleges as required under PAs 603 and 604 of 2012. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs with Executive, House and Senate.	Gross	\$3,328,000	\$681,500
	Restricted	3,328,000	681,500
25. State Aid to Libraries - MeLCat (Sec. 93) <u>Executive</u> transfers funding supporting the Michigan eLibrary Catalog (MeLCat) from the School Aid budget to the Department of Education budget. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs with Executive, House and Senate.	Gross	\$1,304,300	(\$1,304,300)
	GF/GP	\$1,304,300	(\$1,304,300)
26. Center for Educational Performance and Information (Sec. 94a) <u>Executive</u> increased by \$216,700 for employee economics including salary and wages, insurance, and retirement costs. <u>House</u> concurs but adds an additional \$99,800 to pay for the pupil transfer application required under the proposed Section 25e. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House but adds an even \$100,000.	Gross	\$9,411,900	\$316,700
	Federal	193,500	0
	GF/GP	\$9,218,400	\$316,700
27. Principal Educator Evaluation Training (Sec. 95) <u>Executive</u> reduces to \$500,000 in FY 2013-14 for grants to districts to support professional development for principals and assistant principals in a department-approved training program on implementing educator evaluation programs. <u>House</u> concurs but provides intent to appropriate any unallocated funds left in this line at the end of FY 2012-13. <u>Senate</u> concurs. <u>Conference</u> concurs with House but appropriates the FY 2012-13 as a work project to be carried forward into the next fiscal year.	Gross	\$1,750,000	(\$1,250,000)
	Restricted	1,750,000	(1,250,000)

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change	
28. Michigan Virtual University (MVU) (Sec. 98)		Gross	\$4,387,500	\$5,000,000
<u>Executive</u> increases funding to \$14.4 million in FY 2013-14 for MVU to operate the Michigan Virtual School and the Michigan Virtual Learning Research Institute.		GF/GP	\$4,387,500	\$5,000,000
<u>House</u> maintains current levels of funding at \$4.4 million.				
<u>Senate</u> maintains current levels of funding with four \$100 placeholders for new activities proposed by the Governor.				
<u>Conference</u> increases funding by \$5.0 million.				
<i>(See Major Boilerplate Changes below for discussion of other proposed changes.)</i>				
29. Math and Science Centers (Sec. 99)		Gross	\$7,974,300	\$500,000
<u>House</u> adds a \$100 placeholder for the Michigan STEM Partnership to administer a competitive grant process to organizations providing either classroom or extracurricular programs or competitions in science, technology, engineering and mathematics (STEM).		Federal	5,249,300	0
<u>Senate</u> adds \$125,000 to increase funding for Math and Science centers.		Restricted	2,725,000	500,000
<u>Conference</u> concurs with Senate increase but also provides \$375,000 to fund the STEM grants in the House passed budget.				
30. FIRST Robotics (Sec. 99h)		Gross	\$0	\$3,000,000
<u>Conference</u> provides \$3.0 million for grants to districts for coaches and program and competition costs for FIRST Robotics programs.		Restricted	0	3,000,000
31. Vocational Education (Sec. 61a)		Gross	\$0	\$1,000,000
<u>Conference</u> provides \$1.0 million for grants to districts and ISDs for career and technical education centers to integrate Michigan merit curriculum content standards into career and technical education.		Restricted	0	1,000,000
32. High School Postsecondary Credit Transfer (Sec. 64a)		Gross	\$0	\$1,000,000
<u>Conference</u> provides \$1.0 million for grants to districts and ISDs to work with early middle colleges, colleges, and universities to develop statewide transfer or articulation agreements to ensure that postsecondary credit earned in high school is transcribed and transferred to postsecondary institutions.		Restricted	0	1,000,000
33. Hold Harmless Categorical (Sec. 20f)		Gross	\$0	\$6,000,000
<u>Conference</u> provides 6.0 million for grants to districts so that no district receives less than a \$5 increase when adding together the increases in the foundation allowances, equity payments and MPERS offset reductions.		Restricted	0	6,000,000

Major Boilerplate Changes From FY 2012-13

Sec. 6(4). Pupil Membership Blend – REVISED

House revises the pupil membership blend from 90% of the October count and 10% of the *previous* February count to 80% of the October count and 20% of the *following* February count in order to align with the proposed pupil transfer process in Section 25e.

Senate revises to 90% of the October count plus 10% of the *following* February count.

Conference concurs with Senate.

Sec. 18. Spending and Audit Requirements – REVISED

Executive recommendation deletes a report required in 2012 regarding the costs of online education.

House concurs with Executive.

Senate maintains a report which would be due September 1, 2014, but revises to include enrollment data, online learning provider data, and cost details broken down by training, personnel, hardware and software, payment to each online learning provider, and other associated costs.

Conference concurs with Senate.

Sec. 18a. Public School Academy (PSA) Property Transfer – REVISED

Current law requires that PSA property acquired substantially with public funds be transferred to the state if a PSA's contract is revoked or not reissued, or if the PSA is ineligible for state aid funding for 18 consecutive months.

Executive adds that a PSA corporation must initiate a dissolution process within 30 days after its contract expires.

House concurs but revises to initiate a "transfer" process.

Senate concurs with House.

Conference concurs with House and Senate.

Major Boilerplate Changes From FY 2012-13

Sec. 20 (8) and (9). 100% Online programs Foundation – DELETED

House adds language that beginning in FY 2014-15 the foundation allowance for a cyber school or for pupils attending a district under a seat-time waiver for a 100% online model is equal to 85% of the foundation allowance of the district in which it is located.

Senate does not include these subsections.

Conference concurs with Executive and Senate.

Sec. 20(10). Foundation Allowances for District Consolidations or Annexations – REVISED

House revises language which currently provides that the foundation allowance for a consolidated district is the per pupil weighted average of all the affected districts. Instead the foundation allowance would be either the highest foundation of the affected districts or the sum of \$100 plus the per pupil weighted foundation, whichever is less.

Senate concurs.

Conference concurs with House and Senate.

Sec. 20(14). Small Class Size Adjustments to Foundation Allowances – REVISED

Executive revises foundation allowance adjustments for districts that received a small class size grant in 2001-2002. Currently funded in FY 2012-13 at 68.5% of FY 2010-11 levels at a total cost of \$13.0 million (funded under Sec. 22b). Executive recommendation continues adjustments into FY 2013-14, reduces to a total cost of \$9.0 million by capping adjustments as follows:

- not to exceed \$100 per pupil for districts with foundation allowances less than \$7,500.
- not to exceed \$50 per pupil for districts with foundation allowances greater than \$7,500.

House revises small class size adjustments to 70% of each district's adjustment in FY 2012-13. Assumes the same level of savings as the Executive recommendation.

Senate revises small class size adjustments to 85% of each district's adjustment in FY 2012-13. Assumes approximately \$2.0 million in savings.

Conference maintains current year levels for small class size adjustments.

Sec. 21f. Online Courses – NEW

Executive allows pupils in grades 5 to 12 to enroll in online courses as provided in this section (does not apply to cyber schools). Requires that a district allow a pupil to enroll in up to 2 online courses per term, semester, or trimester with the consent of the pupil's parent or legal guardian. If a pupil has demonstrated previous success in online courses, and the district and parent or guardian determine it is in the pupil's best interest, a pupil may enroll in more than 2 online courses per term, semester, or trimester. Allows pupil to enroll in online courses published in the district's catalog of online courses or the statewide catalog of online courses maintained by MVU pursuant to Sec. 98. Allows educating district to prohibit enrollment in an online course under certain circumstances, but provides the pupil an opportunity to appeal that decision to the ISD. Requires a district, if offering an online course, to provide MVU with the course syllabus for inclusion in the statewide catalog and provide links to the catalog on the district's website.

House revises to cover grades 7 to 12, deletes references to a statewide catalog maintained by MVU, deletes the provision requiring a district to allow a pupil with past success to take more than 2 online courses per term, and caps the amount a district has to pay for an online course to 1/12 of the district's foundation allowance per semester or 1/18 of the district's foundation allowance for a trimester.

Senate concurs with Executive on grades 5 to 12, but also applies this section to cyber schools. Concurs with Executive requiring a district to allow a pupil to participate in more than 2 classes if they demonstrate previous success. Shifts the responsibility of maintaining a statewide online course catalog from MVU to the Department of Education. Sets no limit on costs, but requires that a district pay 50% upon enrollment and 50% upon successful completion. Revises such that the educating district determines successful completion and grants academic credit. Clarifies that the enrollment of a pupil in an online program shall not result in a student being counted as more than 1.0 FTE.

Conference concurs with Executive, but includes House revision to study increasing the number of allowable online courses, and includes House cost caps. Includes the Senate revision to tie payment to completion, but changes the ratio to 80% enrollment and 20% completion.

Sec. 22b. Foundation Allowances - EAA – REVISED

Senate adds new language prohibiting the Education Achievement Authority (EAA) from expending any money from any source unless allocated through the School Aid Act unless specifically appropriated by the Legislature to the EAA. If the EAA does not comply, it would lose its foundation allowance funding under this section.

Conference does not concur.

Major Boilerplate Changes From FY 2012-13

Sec. 22f. Best Practices – REVISED

Executive reduces per pupil awards from \$52 per pupil to \$16 per pupil for districts complying with 7 out of 8 best practices. 4 out of the 8 best practices include revisions under the Executive recommendation:

- Acts as policyholder for insurance - Adds that a district with a voluntary employee beneficiary association (VEBA) that pays no more than the maximum allowed under PA 152 of 2011 is considered to have met this requirement.
- Competitively bid at least one non-instructional service - Adds that the unfunded liability costs for retirement must be excluded from district costs when comparing competitive bids.
- Provide online learning opportunities - Adds that a district must publish syllabi for offered online courses, as required under Sec. 21f.
- Provide a dashboard to parents and the community - Adds additional required dashboard items including revenue and expenditure projections, list of all debt service obligations by project including anticipated payments for FY 2013-14, and total outstanding debt.

The 4 other best practices remain the same and include participating in schools of choice, measuring student growth twice annually, providing dual enrollment, and provide physical or health education that meet State Board of Education standards.

House includes the Executive language but provides only a \$100 placeholder for best practices grants.

Senate repeals this section.

Conference concurs with Executive, but revises the physical education and health education requirements to delete the State Board of Education standards.

Sec. 22i. Technology Infrastructure Grants – REVISED

Executive adds instructional practices and shared service consolidation of technology and data as allowable uses of funding and changes the grant process from a competitive bid process to a process in which all eligible districts and ISDs may participate.

House limits the uses to technology infrastructure, shared service consolidation of technology and data, and hardware.

Senate repeals this section.

Conference concurs with House, but also earmarks \$5.0 million to a competitive bid for a provider for whole school technology.

Sec. 22j. District Performance Grants – REVISED

Executive updates the school year assessment used to awards to 2011-2012 and revises the high school award to broaden from only the Michigan Merit Exam to all high school assessments.

House concurs.

Senate concurs and adds intent that in FY 2014-15 growth be measured with computer adaptive tests taken in FY 2013-14.

Conference concurs with Executive and House.

Sec. 25e. Pupil Transfer Process – NEW

House repeals Sec. 25, which was set to begin in FY 2013-14 and replaces it with Sec. 25e. It would require CEPI to work with MDE, districts, and intermediate districts to develop a pupil transfer application modeled after the graduation and dropout application, and allow districts to transfer students and revise membership between the October and February count dates.

Senate concurs and adds that the pupil transfer application be completed by November 1, 2013.

Conference concurs with House and includes the Senate revision, but limits the transfer process to student transfers for those students who were enrolled as of the fall count date, but does not include new enrollments. Also adds that the new district must report the transfer within 30 days of the transfer.

Major Boilerplate Changes From FY 2012-13

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

Executive proposes significant funding increases, but also includes several major policy changes including:

- Revises to align with new kindergarten age requirements, phased in over 3 years, to move the eligibility age cutoff date from December 1 to September 1.
- Eliminates former Parents Involved in Education (PIE) programs as an allowable use of funds.
- Distributes 100% of the funding through the Section 39 formula and requires all entities including ISDs, districts, public or private for-profit and nonprofit entities receiving funding to comply with Sections 32d and 39 rather than continuing a separate competitive application for public or private for-profit and nonprofit entities.
- Requires that a program receiving funds under this section must participate in the state's Great Start to Quality Process, the Tiered Quality Rating Improvement System (TQRIS), with a rating of at least 3 stars.
- Increases the minimum percentage of participating children who must live in families with income less than 300% of federal poverty level from at least 75% to at least 90%.
- Requires an ISD to contract with eligible public and private for-profit and nonprofit community-based providers for at least 20% of its total allocated slots. Requires notification to department if ISD is unable to meet this requirement.

House revises the Executive recommendation to continue allowing PIE programs, decreases the income eligibility threshold to 200% of the federal poverty, revises the minimum percentage of participating children who must qualify based on income to 80%, increases the percent of slots an ISD must make available to private and nonprofit programs to 30%, and clarifies that if MDE verifies an ISD tried to contract at least 30% of their slots and is unable to do so, the ISD may keep those remaining slots. Requires an ISD to let parents choose among ISD providers and requires an ISD to allow a parent of an eligible child to choose a program in another ISD and that the resident ISD would have to pay for it.

Senate concurs with the Executive but requires that 100% of participating children come from families below 300% of poverty and requires providers to rank children based on family income and provide slots to the lowest quintile first and move up until it fills its slots, but requires each provider to save 10% of its slots for students who enroll after the beginning of the year. Provides a \$100 placeholder for Kalamazoo RESA for pilot program to evaluate a preschool system using both public and private funding for the same classroom and serving children from Head Start, GSRP, and children whose parents pay tuition all in the same classroom.

Conference concurs with Executive but reduces the eligibility to 250% of the federal poverty threshold and include the Senate method of filling slots from the lowest income quintile and moving up until slots are filled. Concurs with House to require 30% of each ISD's slots to be available to private programs.

Sec. 32p. Early Childhood Block Grants – REVISED

Executive provides that each ISD shall receive 100% of its FY 2012-13 allocation.

House provides that beginning in FY 2013-14 funding shall be determined by a distribution formula to be established by the MDE Office of Great Start in order to provide for equitable funding statewide.

Senate concurs with Executive.

Conference concurs with House.

Sec. 81(6). ISD Best Practices – REVISED

Executive maintains \$2.0 million allocation for ISD best practices, but revises to require 5 out of 6 best practices:

- Develop a consolidation plan - Adds for an ISD that developed a plan in FY 2012-13, it must implement that plan to qualify in FY 2013-14.
- Obtain competitive bids on at least 1 non-instructional service valued at \$50,000 or more for itself or its constituent districts - Adds that the unfunded liability costs for retirement must be excluded from costs when comparing competitive bids.
- Develop a technology plan - Adds for an ISD that developed a plan in FY 2012-13, it must implement that plan to qualify in FY 2013-14.
- Provide a dashboard to parents and the community - Adds additional, required dashboard items including revenue and expenditure projections, list of all debt service obligations by project including anticipated payments for FY 2013-14, and total outstanding debt.
- Work in a consortium with other ISDs to develop system requirements and bid specifications for a statewide model information system - Adds working with CEPI and changes focus to developing local systems that result in a recommended model information system that supports interoperability to ensure linkage and connectivity in a manner that facilitates the efficient exchange of data between districts, ISDs, and CEPI.
- New requirement that ISD act as policyholder for health care services benefits. An ISD that does not directly employ its staff or an ISD with a voluntary employee beneficiary association (VEBA) that pays no more than the maximum allowed under PA 152 of 2011 is considered to have met this requirement.

House includes the Executive language but provides only a \$100 placeholder for best practices grants.

Senate deletes this subsection.

Conference concurs with Executive.

Major Boilerplate Changes From FY 2012-13

Sec. 98. Michigan Virtual University – REVISED

Executive renames the Center for Online Learning and Innovation, which was established in FY 2012-13, as the Michigan Virtual Learning Research Institute. Requires that the Institute do the following: provide professional development to at least 1,000 education personnel on integrating digital learning, provide up to \$2.2 million in competitive grants to ISDs to expand integration of online and blended learning, work with higher education faculty on a new digital learning teacher endorsement, and create a statewide catalog of all online courses at all public schools including course syllabi and a review of each course.

House maintains current law with minor changes.

Senate provides four \$100 placeholder for the new activities proposed by the Governor, but would transfer the maintenance of a statewide online course catalog to the Department of Education. Requires MVU to report detailed budget information to the Legislature by October 1, 2013 and by August 1 in subsequent fiscal years.

Conference includes the professional development but reduces to 500 education personnel, includes researching and establishing an internet-based platform where educators can create and share student-centric learning tools, and includes the statewide catalog of all online courses, but revises so that ISDs review online courses offered by their constituent districts compared to the MVU identified best practices and standards. Also requires MVU to report a detailed budget and the costs of providing online courses and fees charged to districts.

Sec. 101. Instructional Days and Hours – REVISED

House deletes for FY 2013-14 the provision allowing up to 38 hours of professional development for teachers as instruction to meet the 1,098 minimum number of hours required and increases the minimum number of days required from 170 to 175 beginning in FY 2014-15.

Senate maintains current law.

Conference concurs with House but delays the change in professional development hours to FY 2014-15 as well.

Sec. 107. Adult Education – REVISED

House adds legislative intent to begin allocating grant funds under this section on a competitive basis beginning in FY 2014-15.

Senate maintains current law.

Conference concurs with House but revises to say the legislature will "study" allocating the funds on a competitive basis.

Sec. 147. MPSERS Contribution Rates – REVISED

Executive reflects employer contribution rates for defined benefit pension and retiree health benefits are now broken out for seven different subgroups based on hire date and benefit and contribution choices made under PA 300 of 2012. For FY 2013-14, rates are based on a 25-year amortization period, and they range from 20.96% to 24.79% of MPSERS payroll. Employer rates do not include contributions into employee defined contribution accounts.

House concurs.

Senate concurs.

Conference concurs with Executive, Senate and House.

Sec. 147b. MPSERS Reserve Fund – REVISED

Executive makes no appropriation into the MPSERS reserve fund, and instead begins to use available funds as a source of revenue under Sec. 147c. Adds new language, which would direct the funds collected in FY 2010-11 and FY 2011-12 for the employee 3% contributions for retiree health care, currently being held in escrow pursuant to a court injunction, to be deposited into the MPSERS reserve fund for the purposes of funding health care unfunded liabilities if the injunction is lifted.

House concurs.

Senate concurs.

Conference concurs with Executive, Senate and House.

Sec. 147c. MPSERS State Share for Health Care Unfunded Accrued Liabilities – REVISED

Executive revises such that instead of paying the MPSERS funds directly to the MPSERS system, funding would be distributed to districts and ISDs based on their proportional share of MPSERS payroll. Then districts and ISDs would be required to pay the exact amount back to the MPSERS system.

House concurs.

Senate concurs.

Conference concurs with Executive, Senate and House.

SCHOOL AID LINE ITEM SUMMARY



Sec.		FY 2012-13		FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14		
		Year-to-Date	HB 4228 Conference	Revised Executive Recommendation	House Passed	Senate Passed	Change from Revised FY 2012-13	Change from Revised Exec Rec	HB 4228 Conference
11g	Durant - Debt Service	\$39,000,000	\$39,000,000	\$39,500,000	\$39,500,000	\$39,500,000	\$500,000		\$39,500,000
11j	School Bond Redemption Fund	\$120,390,000	\$120,390,000	\$131,660,000	\$131,660,000	\$131,660,000	\$11,270,000		\$131,660,000
11m	Cash Flow Borrowing Costs	\$3,200,000	\$3,200,000	\$4,000,000	\$6,000,000	\$6,000,000	\$800,000		\$4,000,000
20f	Hold Harmless Provision							\$6,000,000	\$6,000,000
22a	Foundations: Proposal A Obligation Payment	\$5,712,000,000	\$5,630,000,000	\$5,542,000,000	\$5,558,000,000	\$5,558,000,000	(\$96,000,000)	(\$8,000,000)	\$5,534,000,000
22b	Foundations: Discretionary Payment	\$3,152,300,000	\$3,215,000,000	\$3,290,000,000	\$3,304,000,000	\$3,329,500,000	\$158,700,000	\$83,700,000	\$3,373,700,000
22c	Foundations: Equity Payment	\$0	\$0	\$24,000,000	\$36,000,000	\$0	\$36,000,000	\$12,000,000	\$36,000,000
22d	Isolated District Funding	\$2,025,000	\$2,025,000	\$2,025,000	\$2,025,000	\$2,584,600	\$559,600	\$559,600	\$2,584,600
22f	Best Practices	\$80,000,000	\$80,000,000	\$25,000,000	\$100	\$0	\$0	\$55,000,000	\$80,000,000
22g	Consolidation Innovation Grants	\$10,000,000	\$10,000,000	\$0	\$0	\$0	(\$5,000,000)	\$5,000,000	\$5,000,000
22i	Technology Infrastructure Improvement Grants	\$50,000,000	\$50,000,000	\$13,500,000	\$50,000,000	\$0	\$0	\$36,500,000	\$50,000,000
22j	District Performance Funding	\$30,000,000	\$30,000,000	\$46,400,000	\$46,400,000	\$46,400,000	\$16,400,000		\$46,400,000
22k	Competitive Student-Centric Grants - NEW	\$0	\$0	\$8,000,000	\$7,000,000	\$8,000,000	\$8,000,000		\$8,000,000
22m	Computer Adaptive Tests - NEW	\$0	\$0	\$0	\$0	\$18,000,000	\$0		\$0
24	Court-Placed Pupils	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$0		\$8,000,000
24a	Juvenile Detention Facility Programs	\$2,135,800	\$2,135,800	\$2,167,500	\$2,167,500	\$2,167,500	\$31,700		\$2,167,500
24c	Youth Challenge Program	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$0		\$1,500,000
26a	Renaissance Zone Reimbursement	\$27,800,000	\$27,800,000	\$26,300,000	\$26,300,000	\$26,300,000	\$1,700,000	\$3,200,000	\$29,500,000
26b	PILT Reimbursement	\$3,328,000	\$3,328,000	\$4,009,500	\$4,009,500	\$4,009,500	\$681,500		\$4,009,500
26c	Promise Zone Funding -	\$347,800	\$209,400	\$266,200	\$224,000	\$224,000	\$56,800	\$0	\$266,200
31a	"At Risk" Pupil Support	\$308,988,200	\$308,988,200	\$308,988,200	\$308,988,200	\$308,988,200	\$0		\$308,988,200
31a(6)	School Based Health Centers	\$3,557,300	\$3,557,300	\$3,557,300	\$3,557,300	\$3,557,300	\$0		\$3,557,300
31a(7)	Hearing and Vision Screening	\$5,150,000	\$5,150,000	\$5,150,000	\$5,150,000	\$5,150,000	\$0		\$5,150,000
31d	State School Lunch Programs	\$22,495,100	\$22,495,100	\$22,495,100	\$22,495,100	\$22,495,100	\$0		\$22,495,100
31d	Federal School Lunch Programs	\$402,506,000	\$402,506,000	\$463,200,000	\$463,200,000	\$463,200,000	\$60,694,000		\$463,200,000
31f	School Breakfast Program	\$9,625,000	\$9,625,000	\$5,625,000	\$5,625,000	\$5,625,000	(\$4,000,000)		\$5,625,000
32d	Great Start School Readiness	\$109,575,000	\$109,575,000	\$174,575,000	\$147,575,000	\$174,575,000	\$65,000,000		\$174,575,000
32p	Early Childhood Block Grants	\$10,900,000	\$10,900,000	\$10,900,000	\$10,900,000	\$10,900,000	\$0		\$10,900,000
32q	Communities in Schools	\$0	\$0	\$0	\$0	\$100	\$0		\$0
39a1	Federal "No Child Left Behind"	\$812,328,500	\$812,328,500	\$811,828,500	\$811,828,500	\$811,828,500	(\$500,000)		\$811,828,500
39a2	Other Federal Funding	\$33,514,100	\$33,514,100	\$31,700,000	\$31,700,000	\$31,700,000	(\$1,814,100)		\$31,700,000
41	Bilingual Education Grants	\$0	\$0	\$0	\$1,300,000	\$0	\$1,200,000	\$1,200,000	\$1,200,000
51a(1)	Special Education - Federal Reimbursement	\$365,000,000	\$365,000,000	\$370,000,000	\$370,000,000	\$370,000,000	\$5,000,000		\$370,000,000
51a(2)	Special Ed ISD Foundation and Costs	\$257,400,000	\$251,000,000	\$257,800,000	\$258,300,000	\$258,300,000	\$6,800,000		\$257,800,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0		\$1,000,000
51a(6)	Special Ed Admin Rules Changes	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$0		\$2,200,000
51a(11)	Special Ed Foundations for Non Sec. 52 to ISDs	\$5,600,000	\$4,300,000	\$4,300,000	\$4,500,000	\$4,500,000	\$0		\$4,300,000
51c	Special Ed Headlee Obligation (Durant)	\$678,000,000	\$642,000,000	\$662,200,000	\$662,500,000	\$662,500,000	\$20,200,000		\$662,200,000
51d	Special Education - Other Federal Grants	\$74,000,000	\$74,000,000	\$74,000,000	\$74,000,000	\$74,000,000	\$0		\$74,000,000
53a	Special Ed for Court Placed Pupils	\$13,500,000	\$13,500,000	\$13,500,000	\$13,500,000	\$13,500,000	\$0		\$13,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000	\$1,688,000	\$1,688,000	\$1,688,000	\$1,688,000	\$0		\$1,688,000
56	Special Ed ISD Millage Equalization	\$36,881,100	\$36,881,100	\$36,881,100	\$36,881,100	\$37,758,100	\$877,000	\$877,000	\$37,758,100
61a	Vocational-Technical Education Programs	\$26,611,300	\$26,611,300	\$26,611,300	\$26,611,300	\$26,611,300	\$1,000,000	\$1,000,000	\$27,611,300
62	ISD Vocational Education Millage Equalization	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000	\$9,190,000	\$190,000	\$190,000	\$9,190,000
64a	High School/Post Secondary Credit Transfers	\$0	\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000
74	Bus Driver Safety Instruction	\$1,625,000	\$1,625,000	\$1,625,000	\$1,625,000	\$1,625,000	\$0		\$1,625,000
74	School Bus Inspections	\$1,634,900	\$1,634,900	\$1,674,000	\$1,674,000	\$1,674,000	\$39,100		\$1,674,000

SCHOOL AID LINE ITEM SUMMARY



		FY 2012-13		FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14		
		Year-to-Date	HB 4228 Conference	Revised Executive Recommendation	House Passed	Senate Passed	Change from Revised FY 2012-13	Change from Revised Exec Rec	HB 4228 Conference
81	ISD General Operations Support	\$64,108,000	\$64,115,000	\$64,115,000	\$62,115,100	\$64,115,000	\$0		\$64,115,000
93	State Aid to Libraries for MeLCat Support	\$1,304,300	\$1,304,300	\$0	\$0	\$0	(\$1,304,300)		\$0
94a	Center for Educational Performance	\$9,218,400	\$9,218,400	\$9,435,100	\$9,534,900	\$9,435,100	\$316,700	\$100,000	\$9,535,100
94a	Center for Educational Performance - Federal	\$193,500	\$193,500	\$193,500	\$193,500	\$193,500	\$0		\$193,500
95	Principal Educator Evaluation Training	\$1,750,000	\$1,750,000	\$500,000	\$500,000	\$500,000	(\$1,250,000)		\$500,000
98	Michigan Virtual School	\$4,387,500	\$4,387,500	\$14,387,500	\$4,387,900	\$4,387,900	\$5,000,000	(\$5,000,000)	\$9,387,500
99	Math and Science Centers - State	\$2,725,000	\$2,725,000	\$2,725,000	\$2,725,100	\$2,850,000	\$500,000	\$500,000	\$3,225,000
99	Math and Science Centers - Federal	\$5,249,300	\$5,249,300	\$5,249,300	\$5,249,300	\$5,249,300	\$0		\$5,249,300
99b	STEM Professional Development		\$0	\$0	\$100	\$0	\$0		\$0
99h	FIRST Robotics						\$3,000,000	\$3,000,000	\$3,000,000
104	MEAP Testing - State	\$26,694,400	\$26,694,400	\$26,694,400	\$26,694,400	\$26,694,400	\$0		\$26,694,400
104	MEAP Testing - Federal	\$8,250,000	\$8,250,000	\$8,250,000	\$8,250,000	\$8,250,000	\$0		\$8,250,000
107	Adult Education	\$22,000,000	\$22,000,000	\$22,000,000	\$22,000,000	\$22,000,000	\$0		\$22,000,000
147a	MPERS Cost Offset	\$155,000,000	\$155,000,000	\$155,000,000	\$155,000,000	\$155,000,000	(\$55,000,000)	(\$55,000,000)	\$100,000,000
147b	MPERS Reserve for Retirement Obligation Reform	\$41,000,000	\$41,000,000	\$0	\$0	\$0	(\$41,000,000)		\$0
147c	MPERS Prefunding - Unfunded Liability Payments	\$130,000,000	\$160,500,000	\$403,300,000	\$403,300,000	\$404,600,000	\$244,100,000	\$1,300,000	\$404,600,000
152a	Adair - Database Payment	\$38,000,500	\$38,000,500	\$38,000,500	\$38,000,500	\$38,000,500	\$0		\$38,000,500
TOTAL APPROPRIATIONS		\$12,944,687,000	\$12,912,055,600	\$13,218,677,000	\$13,236,535,000	\$13,225,686,900	\$443,748,000	\$137,126,600	\$13,361,803,600
REVENUE BY SOURCE									
Federal Aid		\$1,701,041,400	\$1,701,041,400	\$1,764,421,300	\$1,764,421,300	\$1,764,421,300	\$63,379,900		\$1,764,421,300
School Aid Fund		\$10,961,245,600	\$10,928,614,200	\$11,074,255,700	\$11,092,113,600	\$11,081,665,600	\$276,768,100	\$137,126,600	\$11,211,382,300
MPERS Reserve Fund		\$0	\$0	\$150,000,000	\$150,000,000	\$150,000,000	\$156,000,000	\$6,000,000	\$156,000,000
General Fund/General Purpose		\$282,400,000	\$282,400,000	\$230,000,000	\$230,000,100	\$229,600,000	(\$52,400,000)		\$230,000,000
TOTAL REVENUE		\$12,944,687,000	\$12,912,055,600	\$13,218,677,000	\$13,236,535,000	\$13,225,686,900	\$443,748,000	\$137,126,600	\$13,361,803,600

FY 2013-14: Community Colleges Summary: Conference Report Senate Bill 199 (S-1)



Analyst: Erik Jonasson

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Conference	Difference: Conference From FY 2012-13 YTD Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	197,614,100	197,614,100	197,614,100	197,614,100	197,614,100	0	0.0
GF/GP	96,516,400	138,363,500	137,263,500	138,363,500	138,363,500	41,847,100	43.4
Gross	\$294,130,500	\$335,977,600	\$334,877,600	\$335,977,600	\$335,977,600	\$41,847,100	14.2
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.
(3) House information in this document references Article II of House Bill 4228 as passed by the House.

Overview

The Community Colleges budget supports the 28 community colleges located throughout the state. The colleges are governed by locally-elected boards of trustees. The colleges offer 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.

Major Budget Changes From FY 2012-13 YTD Appropriations

1. Operations Funding

Executive increases community college operations funding by 2 percent, or \$5.8 million, to be distributed according to performance funding measures similar to those in the FY 2012-13 enacted budget, with a skilled trades program metric included instead of local strategic value. Additionally, \$1.3 million that was previously distributed according to local strategic value requirements are now distributed according to performance funding measures. Local strategic value requirements are considered prerequisites for all performance funding.

	FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
Gross	\$292,396,900	\$5,847,100
Restricted	195,880,500	0
GF/GP	\$96,516,400	\$5,847,100

House, Senate, and Conference concur with funding amount increase, but retain FY 2012-2013 performance funding formula, which includes local strategic value instead of skilled trades program metrics. Local strategic value funding from FY 2012-2013 is included in each community college's base appropriation. Performance funding components are as follows:

- 50.0% Across-the-board distribution
- 17.5% Weighted degree completions
- 15.0% Local strategic value
- 10.0% Contact-hour equated students (CHES)
- 7.5% Administrative spending

2. MPSERS Retirement Reform Payments

Executive includes a \$12.5 million GF/GP supplemental for FY 2012-13 and \$31.4 million GF/GP for FY 2013-14, for payments to community colleges to pay MPSERS retirement liabilities. Retains \$1.4 million appropriated for MPSERS retiree health care in FY 2012-13, but appropriates these funds in proportion to each college's total MPSERS-covered payroll. Provides a further increase of \$17.4 million for FY 2014-15. House, Senate, and Conference concur with funding amount; boilerplate language describing the distribution of appropriations is included in the funding section.

Gross	\$1,733,600	\$31,400,000
Restricted	1,733,600	0
GF/GP	\$0	\$31,400,000

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
3. Renaissance Zone Reimbursements		Gross	\$0
<u>Executive</u> transfers \$3.5 million GF/GP from the Treasury budget for community college renaissance zone reimbursements. These funds replace property tax revenue lost to community colleges as a result of renaissance zones. Previously, such reimbursements were included in the community colleges budget, but were eliminated in FY 2009-10 before they were included in the FY 2012-13 Treasury budget. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with executive.		GF/GP	\$3,500,000
			\$0
4. Virtual Learning Collaborative		Gross	N/A
<u>Executive</u> adds one-time appropriation of \$1.1 million GF/GP to support the Michigan Community College Association Virtual Learning Collaborative. Funds will be used to develop an infrastructure and course repository for community college online courses. This program allows students to enroll in online courses from other community colleges when home institution courses are full or unavailable. <u>House</u> does not include. <u>Senate</u> includes. <u>Conference</u> includes.		GF/GP	\$1,100,000
			N/A
			\$1,100,000

Major Boilerplate Changes From FY 2012-13

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. Executive deletes, House and Senate retain. Conference retains.

Sec. 205. Deprived and Depressed Communities – RETAINED

Encourages colleges to ensure businesses in economically distressed areas compete for and perform contracts. Executive deletes, House and Senate retain. Conference retains.

Sec. 207c. Virtual Learning Collaborative – NEW

Designates that one-time appropriation for the Virtual Learning Collaborative shall be distributed to community colleges on behalf of the Michigan Community College Association (MCCA) for the purpose of enhancing the Virtual Learning Collaborative. Executive creates, House deletes funding and associated boilerplate. Senate includes language with appropriation. Conference includes language with appropriation.

Sec. 208. Capital Outlay Funding – RETAINED

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. Subjects colleges that fail to comply to JCOS requirements to a penalty of 1% of the operations funding for each violation. Executive deletes, House and Senate retains. Conference retains.

Sec. 209. Transparency Website – REVISED

Requires the colleges to post general fund expenditures on their websites. This information includes: annual operating budgets, collective bargaining agreements, health care benefits plans, and audits and financial reports. Colleges must provide a link to this information on their homepage using a standardized icon. Executive revises to include general fund revenue and expenditure projections and a listing of debt service obligations, as well as update reporting requirements to FY 2014-15. House concurs with revisions. Senate includes executive revisions, and adds requirement that community colleges provide an estimate of their costs resulting from the Patient Protection and Affordable Care Act. Conference includes Senate version.

Sec. 210. Collaboration with Four-Year Universities, Local Employers, and Each Other – REVISED

Encourages colleges to collaborate with four-year universities, particularly in areas of training, instruction, program articulation, and meeting local employment needs. Senate revises to include encouragement for community colleges to work with universities to develop equivalency standards. Conference includes Senate revisions.

Sec. 210a. Block Transfer – DELETED

Establishes a 14-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 the development of equivalency standards and identifying equivalent courses offered by the institutions. Executive deletes, House and Senate concur with deletion. Conference concurs with deletion.

Sec. 210b. Block Transfer Reporting for FY 2013-14 – NEW

Conference adds new language stating legislative intent that the Michigan Association of Collegiate Registrars and Admissions Officers (MACRAO) implement the agreements concerning transferability of core college courses under the Block Transfer Committee. Adds legislative intent that an update on the status of implementation be provided by March 1, 2014.

Major Boilerplate Changes From FY 2012-13

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. Executive deletes, House and Senate retain. Conference retains.

Sec. 216. Review of Statutory Mandates – DELETED

Intent language providing for the review of statutory mandates imposed on the colleges, including reviewing the costs and necessity of the mandates. Executive deletes, House retains, Senate deletes. Conference deletes.

Sec. 227. Community College Automobile Purchases – RETAINED

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. Executive deletes, House and Senate retain. Conference retains.

Sec. 229. Veterans Notice on Applications – REVISED

Intent language stating that community colleges include a place on the admissions application allowing applications to indicate whether they are a veteran or the spouse of a veteran eligible for educational assistance benefits. Senate adds intent language stating that community colleges work to review the issue of in-district tuitions for veterans. Conference includes Senate language.

Sec. 229B. Report on Educational Outcomes – NEW

Senate adds requirement that the Department of Technology, Management, and Budget prepare a report on student educational outcomes in the employment market. Conference revises to require DTMB to prepare a report on the feasibility of providing accurate information on student educational outcomes in the employment market.

Sec. 230. Local Strategic Value and Performance Funding – REVISED

Identifies performance funding formula, as well as local strategic value (LSV) components that community colleges must meet in order to qualify for performance funding. Executive revises to make LSV components a prerequisite for all performance funding. The performance funding formula is revised as explained in item 1 above. House and Senate revise to remove requirement that all additional funding be used to offset retirement costs. Conference uses House and Senate language.

Sec. 230a. State Building Authority Rent Payments – REVISED

Indicates an estimated amount appropriated to the Department of Technology, Management, and Budget specifically for community college-related state building authority rent payments. Executive updates amounts for FY 2013-14 appropriations, House and Senate concur with executive. Conference concurs with executive.

Supplemental for FY 2012-13 Appropriations

**FY 2012-13
Change**

1. MPSERS Retirement Reform Payments

Supplemental of \$12.5 million for payments to community colleges to pay MPSERS retirement liabilities.

Gross	\$12,500,000
GF/GP	\$12,500,000

Conference Passed Performance Funding Formula

	FY13 Current Law Payments	50.0% Across- the-Board	17.5% Weighted Degree Completions	10.0% Enrollment	7.5% Administrative Costs	15.0% Local Strategic Value	Total Performance Funding	Total FY14 House Appropriation	% Change from FY13
Alpena	\$5,133,600	\$51,300	\$15,600	\$4,800	\$15,800	\$15,400	\$102,900	\$5,236,500	2.0%
Bay de Noc	5,184,000	51,800	16,400	6,300	5,300	15,600	95,400	5,279,400	1.8%
Delta	13,772,700	137,700	64,400	27,500	19,900	41,300	290,800	14,063,500	2.1%
Glen Oaks	2,393,500	24,000	8,100	3,600	5,000	7,200	47,900	2,441,400	2.0%
Gogebic	4,251,700	42,500	9,700	3,200	10,400	12,800	78,600	4,330,300	1.8%
Grand Rapids	17,129,200	171,300	43,200	39,900	19,900	51,400	325,700	17,454,900	1.9%
Henry Ford	20,687,400	206,800	47,700	40,700	15,300	62,100	372,600	21,060,000	1.8%
Jackson	11,542,000	115,400	36,900	16,500	12,800	34,600	216,200	11,758,200	1.9%
Kalamazoo Valley	11,880,200	118,800	39,600	26,300	22,000	35,600	242,300	12,122,500	2.0%
Kellogg	9,330,000	93,300	34,200	14,700	21,800	28,000	192,000	9,522,000	2.1%
Kirtland	2,981,200	29,800	16,000	4,700	15,100	8,900	74,500	3,055,700	2.5%
Lake Michigan	5,081,500	50,800	13,200	11,300	6,100	15,200	96,600	5,178,100	1.9%
Lansing	29,463,900	294,600	106,800	46,400	23,700	88,300	559,800	30,023,700	1.9%
Macomb	31,343,700	313,400	96,400	59,500	24,200	93,900	587,400	31,931,100	1.9%
Mid Michigan	4,412,600	44,100	24,600	11,900	11,500	13,200	105,300	4,517,900	2.4%
Monroe County	4,241,900	42,400	14,200	9,600	21,800	12,700	100,700	4,342,600	2.4%
Montcalm	3,051,800	30,500	10,900	4,400	14,400	9,200	69,400	3,121,200	2.3%
Mott	14,955,800	149,500	45,600	29,500	21,800	44,900	291,300	15,247,100	1.9%
Muskegon	8,493,300	84,900	19,300	10,500	20,000	25,500	160,200	8,653,500	1.9%
North Central	2,992,900	29,900	10,500	5,600	16,500	9,000	71,500	3,064,400	2.4%
Northwestern	8,662,000	86,600	19,800	13,100	17,800	26,000	163,300	8,825,300	1.9%
Oakland	20,065,100	200,600	67,400	66,900	22,900	60,200	418,000	20,483,100	2.1%
St Clair County	6,726,700	67,300	20,400	11,300	14,200	20,200	133,400	6,860,100	2.0%
Schoolcraft	11,852,100	118,500	58,500	31,500	16,100	35,600	260,200	12,112,300	2.2%
Southwestern	6,296,600	63,000	11,900	7,700	6,200	18,900	107,700	6,404,300	1.7%
Washtenaw	12,295,200	122,900	103,000	32,600	20,200	36,900	315,600	12,610,800	2.6%
Wayne County	15,867,900	158,700	62,700	41,300	16,100	47,600	326,400	16,194,300	2.1%
West Shore	2,308,400	23,200	6,100	3,400	1,700	6,900	41,300	2,349,700	1.8%
TOTAL:	\$292,396,900	\$2,923,600	\$1,023,100	\$584,700	\$438,500	\$877,700	\$5,847,000	\$298,243,900	2.0%

Local Strategic Value estimates presume all colleges meet local strategic value requirements.

FY 2013-14: HIGHER EDUCATION
Summary: Conference Report
Senate Bill 193 (S-1) CR-1



Analyst: Kyle I. Jen

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Conference	Difference: Conference From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	97,026,400	97,026,400	97,026,400	97,026,400	97,026,400	0	0.0
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	200,565,700	200,565,700	200,565,700	200,565,700	200,565,700	0	0.0
GF/GP	1,101,628,300	1,132,981,400	1,132,981,400	1,132,981,400	1,132,981,400	31,353,100	2.8
Gross	\$1,399,220,400	\$1,430,573,500	\$1,430,573,500	\$1,430,573,500	\$1,430,573,500	\$31,353,100	2.2
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.
(3) House information in this document references Article III of House Bill 4228 as passed by the House.

Overview

The Higher Education budget, as contained in Article III of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs 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 2012-13 YTD Appropriations

1. University Funding

Executive includes a \$24.9 million GF/GP increase (2.0%) in total university operations funding based on a model basically identical to that used in the FY 2012-13 budget. \$6.2 million is allocated for tuition restraint, to be allocated to universities holding resident undergraduate tuition/fee rate increases below 4.0%; remaining \$18.7 million is distributed based on five formula components. Requirements to be eligible for performance funding are maintained from FY 2012-13, related to reverse transfer agreements, dual enrollment policy, and the Michigan Transfer Network.

House appropriates same overall level of funding, but (1) lowers tuition restraint limit to 3.0% (or below) and makes tuition restraint an additional requirement to receive performance funding rather than a separate funding allocation and (2) allocates the full \$24.9 million in new funding through the formula components, with the Carnegie-based component scoring weighted based on resident undergraduate fiscal year equated students (FYES).

Senate (1) also makes tuition restraint an additional requirement to receive performance funding, with same 4.0% limit as the Executive, and (2) allocates \$20.9 million through the formula components (no FYES weighting), with revised scoring for the Carnegie-based components ("3" for top 20% nationally and "2" for both above the national median and improving over 3 years, with intent to move to "1" for the final category in FY 2014-15). Remaining \$4.0 million is appropriated for other university-related purposes.

Conference (1) also makes tuition restraint an additional requirement to receive performance funding rather than a separate funding allocation, with a limit of 3.75% (or below), and (2) allocates \$21.9 million through the formula components, but with weighting based on total undergraduate FYES (including nonresidents) and revised scoring for the Carnegie-based components based on the Senate-passed budget. Remaining \$3.0 million is appropriated for other university-related purposes.

	FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
Gross	\$1,243,451,700	\$21,869,000
Restricted	200,019,500	0
GF/GP	\$1,043,432,200	\$21,869,000

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change	
2. MPSERS Reimbursement		Gross	\$446,200	\$2,000,000
<u>Executive</u> and <u>House</u> maintain appropriation amount for partial reimbursement of health care costs to seven universities with employees in the Michigan Public School Employees' Retirement System (MPSERS) at current year level (446,200 School Aid Fund). <u>Senate</u> includes increase of \$2.0 million GF/GP. <u>Conference</u> concurs with funding increase.		Restricted	446,200	0
		GF/GP	\$0	\$2,000,000
3. Indian Tuition Waiver Reimbursement		Gross	N/A	\$0
<u>Senate</u> adds new appropriation of \$2.0 million GF/GP for partial reimbursement to universities for unfunded costs of waiving tuition for Native American Indians under Public Act 174 of 1976. <u>Conference</u> does not include funding for this purpose.		GF/GP	N/A	\$0
4. MSU AgBioResearch and Extension		Gross	\$54,204,600	\$2,084,100
<u>Executive</u> includes \$1.1 million GF/GP increase (2.0%) in the appropriation for the programs. <u>House</u> concurs with overall funding level but unrolls appropriation. <u>Senate</u> concurs with Executive (single appropriation item). <u>Conference</u> provides additional increase of \$1.0 million for total increase of \$2.1 million (3.8%) and unrolls appropriation: \$30.2 million for AgBioResearch and \$26.0 million for Extension.		GF/GP	\$54,204,600	\$2,084,100
5. Tuition Grant Program		Gross	\$31,664,700	\$0
<u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> maintain appropriation amount at current year level (\$31.7 million Federal TANF).		Federal	31,664,700	0
6. Tuition Incentive Program (TIP)		Gross	\$43,800,000	\$3,200,000
<u>Executive</u> includes \$3.2 million GF/GP increase (7.3%) for projected cost growth due to continued increases in participation by Medicaid-eligible students. (Existing appropriation is funded from Federal TANF revenue.) <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with funding increase.		Federal	43,800,000	0
		GF/GP	\$0	\$3,200,000
7. Children of Veterans Tuition Grant Program		Gross	\$1,200,000	\$200,000
<u>Executive</u> includes an increase of \$200,000 GF/GP due to an increased number of program applicants. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		Restricted	100,000	0
		GF/GP	\$1,100,000	\$200,000
8. College Access Program		Gross	N/A	\$2,000,000
<u>Executive</u> transfers \$2.0 million GF/GP for program from Department of Education budget. No net increase in state appropriations. Funding is provided as grant to Michigan College Access Network, which seeks to increase college readiness, participation, and completion in Michigan. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		GF/GP	N/A	\$2,000,000
9. Other Budget Items		Gross	\$24,453,200	\$0
<u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> maintain funding levels for other Higher Education items at current year levels:		Federal	21,561,700	0
		GF/GP	\$2,891,500	\$0
- State Competitive Scholarships (\$18.4 million Federal TANF) - Project GEAR UP (\$3.2 million Federal) - King-Chavez-Parks grant programs (\$2.7 million GF/GP) - Higher Education database (\$105,000 GF/GP) - Midwestern Higher Education Compact dues (\$95,000 GF/GP)				

Major Boilerplate Changes From FY 2012-13

NOTE: Boilerplate sections with no changes from current law do not appear in budget bill but would remain in compiled School Aid Act and apply to FY 2013-14 appropriations.

Sec. 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, Senate, and Conference retain.

Sec. 239a. Foreign Auto Manufacturers – RETAINED

States intent that funds appropriated to universities not be used to purchase vehicles assembled outside U.S. Executive deletes; House, Senate, and Conference retain.

Major Boilerplate Changes From FY 2012-13

Sec. 245. University Transparency – REVISED

Requires universities to post various budget, compensation (including salary list), other financial, and performance data on its website, using a standard format; allows Budget Director to withhold payments for a university not in compliance. Executive revises to replace the salary list with a report on active employees sorted by classification/unit and add requirements to report general fund budget projections, a listing of all debt service obligations, and the number of Pell Grant graduates. House retains salary list and adds new items proposed by Executive. Senate concurs with Executive changes and also adds core college course transfer policy and reverse transfer agreements as reporting items. Conference includes new items proposed by both Executive and Senate and removes employee names from salary list requirement (position titles only).

Sec. 252. Tuition Grant Program – RETAINED

Provides for distribution of funds appropriated for Tuition Grants; specifies maximum grant amount of at least \$1,512, 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 fiscal year remain available for expenditure in subsequent year; caps awards received by students at a single institution at \$3.0 million. Executive revises to eliminate provision regarding carry forward of unexpended funds, move application deadline from July 1 to March 1, and add requirement that independent colleges and universities with students participating in the program participate in the state P-20 longitudinal data system and report on the number of Tuition Grant students graduating, the number of such students taking remedial education classes, and the number of Pell Grants students graduating each year. House, Senate, and Conference retain current provisions in all cases; Conference also makes technical corrections to FY 2012-13 carry forward language.

Sec. 256. Tuition Incentive Program – RETAINED

Specifies criteria for Tuition Incentive Program eligibility; provides for award conditions and limits under Phases I and II of the program. Executive proposes to include program provisions in permanent statute, consistent with other major state financial aid programs. Major change under proposed statutory provisions would be limiting reimbursement at public universities at 300% of the average community college tuition rate beginning in FY 2014-15. A new section 256a would simply reference the new statute. House and Senate retain boilerplate language and adds statement of intent to adopt the Executive-proposed policy change beginning in FY 2014-15. Conference retains boilerplate language and does not include statement of intent for FY 2014-15.

Sec. 259. College Access Program – NEW

Specifies allowable uses of funding, to be administered by Department of Treasury: Michigan College Access Network operations, local college access networks, the Michigan College Access Portal, public awareness and outreach campaigns, and subgrants to postsecondary institutions. (Similar language is currently included in the Department of Education budget.) Executive include new section; House, Senate, and Conference concur.

Sec. 261. Douglas Lake Biological Station – RETAINED

Designates University of Michigan Douglas Lake Biological Station as a unique resource. Executive and House delete; Senate and Conference retain.

Sec. 262a. Textbook Policies – NEW

States intent that universities develop policies for reviewing required textbook and course materials to minimize costs while maintaining quality of education; requires report on university policies. Senate adds new section. Conference concurs.

Sec. 263a. MSU AgBioResearch and MSU Extension – REVISED

Provides for establishment of a strategic growth initiative for the food and agriculture industry and states intent regarding metric goals that will be used to evaluate impacts of MSU AgBioResearch and MSU Extension; requires annual report containing financial data and metric goals for the two organizations. Executive revises to remove language related to strategic growth initiative but retain metric goals and reporting requirement; House, Senate, and Conference concur.

Sec. 265. Tuition Restraint – REVISED

Provides for allocation of funding component tied to tuition restraint in FY 2012-13. Executive makes minor revision to require that universities hold tuition rate increases *below* 4.0%, rather than *to* 4.0% or below. Removes language defining the term "fee" to include the cost of a university-affiliated health insurance policy for a university that compels resident undergraduate students to have health insurance coverage as a condition of enrollment. House sets threshold at 3.0% or below, makes tuition restraint a requirement to receive performance funding (rather than a separate funding allocation), and retains language related to health insurance coverage. Senate retains threshold of 4.0%, makes tuition restraint a requirement to receive performance funding (rather than a separate funding allocation), and deletes language related to health insurance coverage. Conference sets threshold at 3.75% or below, makes tuition restraint a requirement to receive performance funding (rather than a separate funding allocation), and retains language related to health insurance coverage.

Major Boilerplate Changes From FY 2012-13

Sec. 265a. Performance Funding – REVISED

Specifies requirements for a university to receive performance funding: participation in at least three reverse transfer agreements, a dual enrollment policy that does not consider whether the credits were used toward high school graduation, and participation in the Michigan Transfer Network. Executive revises to specify performance component metrics. House adjusts to reflect formula change (weighting based on resident undergraduate FYES). Senate specifies revised scoring for Carnegie-based components: "3" for top 20% nationally and "2" for both above the national median and improving over 3 years, with intent to move to "1" for the final category in FY 2014-15. Conference adjusts to reflect weighting based on total undergraduate FYES (including nonresidents) and revised scoring for Carnegie-based components. House, Senate, and Conference all add tuition restraint compliance as a requirement to receive performance funding and provide that performance funding forfeited by a university due to discompliance with boilerplate requirements would be redistributed to other universities based on performance funding amounts.

Sec. 268. Unfunded Indian Tuition Waiver Costs – REVISED

States legislative intent to allocate funds for unfunded Indian Tuition Waiver costs at universities from the General Fund. Executive deletes; House retains. Senate retains and adds language providing for distribution of \$2.0 million appropriation to universities based on unfunded waiver costs and requiring the Department of Civil Rights to report certain information related to the waivers. Conference includes Senate reporting requirements, with addition of six-year graduation rate.

Sec. 272a. Transfer Credit Reporting – NEW

Requires universities to report on the number of transfer credits, with grade of C or better, rejected for incoming students, by both academic area and prior institution. House adds new section (similar language appeared in FY 2011-12 budget). Senate does not include. Conference concurs with House addition.

Sec. 273. Student Religious Beliefs – RETAINED

States intent that universities report on efforts to accommodate the religious beliefs of students in accredited counseling programs. Executive deletes; House retains; Senate deletes; Conference retains.

Sec. 273a. Non-Profit Worker Centers – DELETED

States intent that universities not use appropriated funds to benefit a non-profit worker center whose documented activities include coercion through protest, demonstration, or organization against a Michigan business. Executive, House, Senate, and Conference delete.

Sec. 274. Embryonic Stem Cell Research – RETAINED

States intent that universities conducting research using human embryonic stem cells report to the Department of Community Health regarding compliance with federal guidelines and stem cell lines derived by university. Executive deletes; House, Senate, and Conference retain.

Sec. 274a. Adult Coresident Health Benefits – RETAINED

States intent that universities not provide benefits to unmarried adult coresidents or their dependents and report on the costs of providing any such benefits. Executive deletes; House retains; Senate deletes; Conference retains.

Sec. 275. Veterans Assistance – REVISED

States intent for universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services; requires report on program participation. Executive and House retain. Senate adds intent that universities consider all veterans as in-state residents for determining tuition/fees and waive enrollment fees for all veterans. Conference concurs with Senate.

Sec. 275a. Capital Outlay Reporting – REVISED

Prohibits use of state funds for self-liquidating projects; requires compliance with Joint Capital Outlay Subcommittee reporting requirements, with specified penalty of 1.0% appropriation reduction. Executive and House delete; Senate retains and references relevant section of Management and Budget Act. Conference concurs with Senate.

Sec. 282. Reallocation of King-Chavez-Parks (KCP) Funds – RETAINED

Provides for reallocation of KCP grant funds from institutions that do not fully expend their funds. Executive revises to allow funds remaining after reallocation to be expended for program administration. House does not concur with proposed revision. Senate specifies that funds lapse to General Fund. Conference does not concur with proposed revision.

Sec. 289. Enrollment Reporting – REVISED

Requires period audit of Higher Education Institutional Data Inventory (HEIDI) data and excludes certain credit hours from those reported to HEIDI. Executive and House retain. Senate revises to remove requirement that Legislature authorize new degree programs for enrollment reporting purposes. Conference revises to remove requirement that Legislature authorize new programs but clarifies that Legislature retains authority to exclude programs for enrollment reporting purposes.

Sec. 290. Degree Programs – REVISED

Lists new degree programs established by public universities for which credit hours may be reported to HEIDI. House inserts new list submitted by Presidents Council. Senate deletes. Conference revises to require that Presidents Council continue to report new and discontinued programs. (See Sec. 289 above.)

Major Boilerplate Changes From FY 2012-13

Sec. 293. Student Records – RETAINED

Requires universities to provide information from the records of a student to persons authorized by the student pursuant to federal law. Executive and House delete; Senate and Conference retain.

Sec. 293a. State Building Authority (SBA) Rent Payments – REVISED

States amounts appropriated through Department of Technology, Management, and Budget for SBA rent payments associated with state costs for previous capital projects at universities. Executive revises to reflect updated total of \$125.4 million (vs. \$124.0 million in FY 2012-13 budget act). House concurs and renumbers to section 236c. Senate concurs with Executive updates. Conference concurs and renumbers to section 236c.

FY 2013-14 University Funding: Conference Report
Senate Bill 193 (S-1) CR-1

University	Funding Proportional to Share of Total					Scored vs. National Carnegie Peers								*Total Performance Funding	FY 2013-14 Appropriation w/ Perf Funding	Percent Change
	% of formula:	22.2%		11.1%		66.7%										
	Funding per unit:	\$340 per completion		\$0.0019 per dollar		\$12.25 per weighted pt										
	FY 2012-13 Year-to-Date	Critical Skills Undergrad Completions	Funding	Research & Develop Expend	Funding	Six-year Graduation Rate	Total Degree Completions	Inst Support as % of Core Expend	Total Score	Undergrad FYES	FYES- Weighted Score	Funding				
Michigan State	\$245,037,000	2,664	\$906,890	\$293,704,711	\$555,802	2	3	2	7	34,841	243,887	\$2,986,649	\$4,449,300	\$249,486,300	1.82	
UM-Ann Arbor	274,156,700	2,629	895,059	728,871,000	1,379,305	3	3	2	8	27,332	218,656	2,677,669	4,952,000	279,108,700	1.81	
Wayne State	183,398,300	659	224,361	163,944,192	310,246	0	0	0	0	15,828	0	0	534,700	183,933,000	0.29	
Michigan Tech	42,579,100	903	307,474	52,917,000	100,139	3	2	2	7	5,427	37,989	465,215	872,800	43,451,900	2.05	
Western	95,487,500	1,037	353,053	27,538,940	52,114	2	2	2	6	18,272	109,632	1,342,557	1,747,700	97,235,200	1.83	
Central	71,352,300	681	231,680	7,527,977	14,246	3	3	2	8	19,275	154,200	1,888,339	2,134,300	73,486,600	2.99	
Oakland	44,964,100	918	312,539	9,531,111	18,037	0	2	0	2	13,888	27,776	340,146	670,700	45,634,800	1.49	
Eastern	66,466,700	642	218,573			0	3	0	3	15,525	46,575	570,359	788,900	67,255,600	1.19	
Ferris	44,250,700	1,212	412,718			2	3	2	7	10,956	76,692	939,173	1,351,900	45,602,600	3.06	
Grand Valley	55,436,000	1,182	402,270			3	3	2	8	19,668	157,344	1,926,840	2,329,100	57,765,100	4.20	
Saginaw Valley	25,656,700	362	123,075			2	0	0	2	8,288	16,576	202,990	326,100	25,982,800	1.27	
UM-Dearborn	22,237,300	356	121,202			2	0	0	2	5,927	11,854	145,164	266,400	22,503,700	1.20	
UM-Flint	19,526,600	375	127,671			2	2	0	4	5,591	22,364	273,870	401,500	19,928,100	2.06	
Northern	40,856,600	472	160,759			2	3	2	7	8,194	57,358	702,408	863,200	41,719,800	2.11	
Lake Superior	12,046,100	183	62,452			2	2	0	4	2,408	9,632	117,954	180,400	12,226,500	1.50	
TOTAL:	\$1,243,451,700	14,274	\$4,859,778	\$1,284,034,931	\$2,429,889	28	31	16	75	211,420	1,190,535	\$14,579,333	\$21,869,000	\$1,265,320,700	1.76	

Total performance funding: **\$21,869,000**

Additional MPSERS reimbursement: \$2,000,000
Additional MSU AgBioResearch/Extension Increase: 1,000,000
Total Funding Increase: \$24,869,000

Data Notes			
Component	Source	Years	Other
Critical skills undergrad awards	State HEIDI	FYs 2011-2012	Removed accounting/multi-disciplinary
Research & develop expend	Federal IPEDS	FY 2011	Carnegie research universities only
Six-year graduation rate	Federal IPEDS^	FYs 2007-2010	
Total degree completions	Federal IPEDS^	FYs 2007-2010	Includes graduate degrees
Inst support as % of core expend	Federal IPEDS^	FYs 2007-2010	Measure of administrative costs
	^Via BLM/AEG		
Undergrad FYES	State HEIDI	FY 2012	Includes nonresident students

Scoring	
Top 20% nationally	3
Improving over 3 years	2
Above national median	2

*Requirements to receive performance funding amounts:

1. Restrain FY 2013-14 resident undergraduate tuition/fee rate increase to 3.75% or below
2. Participate in at least three reverse transfer agreements with community colleges (or make good-faith effort)
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Participate in the Michigan Transfer Network