



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-2768
Fax: (517) 373-1986

**Senate Bill 134 (S-1):
FY 2015-16 Education Omnibus Appropriation Bill**

Page Nos.

- Article I – School Aid (S.B. 130)1 - 264
- Article II – Community Colleges (S.B. 117)264 - 290
- Article III – Higher Education (S.B. 123).....290 - 318

General Omnibus Appropriation Bill Senate Bill 133 (S-1)		
Department/Budget Area	FY 2015-16 Gross Appropriation	FY 2015-16 GF/GP Appropriation
Agriculture and Rural Development	\$81,088,200	\$42,573,600
Attorney General	91,941,600	36,847,400
Civil Rights	16,128,700	12,949,700
Community Health.....	19,013,702,400	3,128,354,300
Corrections	1,961,726,000	1,904,448,400
Education	309,600,400	75,680,400
Environmental Quality	489,263,000	35,377,800
Executive	5,916,100	5,916,100
Human Services	5,720,733,500	973,835,900
Insurance and Financial Services	64,962,700	55,000
Judiciary	285,401,300	184,192,200
Legislative Auditor General.....	22,840,500	15,460,100
Legislature.....	136,464,300	131,872,300
Licensing and Regulatory Affairs	539,571,300	24,223,400
Military and Veterans Affairs	163,953,700	48,187,300
Natural Resources	389,644,300	39,522,800
State	235,256,700	27,161,500
State Police	617,531,200	375,973,700
Technology, Management, and Budget	1,258,029,300	468,503,800
Transportation	3,635,722,500	139,521,100
Treasury-Debt Service	156,449,000	156,449,000
Treasury-Operations	533,426,200	120,230,300
Treasury-Revenue Sharing.....	1,251,661,100	424,100
Treasury-Strategic Fund Agency	1,006,582,500	188,107,000
Total Budget Area Appropriations	\$37,987,596,500	\$8,135,867,200
Budget Stabilization Fund Appropriation.....	\$50,000,000	\$50,000,000
Total General Omnibus Appropriations.....	\$38,037,596,500	\$8,185,867,200

Education Omnibus Appropriation Bill Senate Bill 134 (S-1)		
Department/Budget Area	FY 2015-16 Gross Appropriation	FY 2015-16 GF/GP Appropriation
Community Colleges	\$393,825,600	\$122,710,800
Higher Education.....	1,541,219,200	1,238,913,300
School Aid K-12	13,969,063,900	41,700,000
Total Education Omnibus Appropriations.....	\$15,904,108,700	\$1,403,324,100

TOTAL GENERAL/EDUCATION APPROPRIATIONS	FY 2015-16 Gross Appropriation	FY 2015-16 GF/GP Appropriation
	\$53,941,705,200	\$9,589,191,300



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 134 (Substitute S-1)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 SEN. FULL COMM.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A
GROSS	13,686,960,100	13,969,063,900	282,103,800	2.1
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	13,686,960,100	13,969,063,900	282,103,800	2.1
Less:				
Federal Funds.....	1,808,162,700	1,775,769,200	(32,393,500)	(1.8)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	11,878,797,400	12,193,294,700	314,497,300	2.6
Less:				
Other State Restricted Funds.....	11,845,097,400	12,151,594,700	306,497,300	2.6
GENERAL FUND/GENERAL PURPOSE	33,700,000	41,700,000	8,000,000	23.7
PAYMENTS TO LOCALS	11,720,149,600	12,032,877,700	312,728,100	2.7

FY 2014-15 Year-to-Date Gross Appropriation \$13,686,960,100

Changes from FY 2014-15 Year-to-Date:

1. **MPSERS Rate Cap.** Governor and Senate increased funding to pay for the State support of the local employer rate cap in the Michigan Public School Employees' Retirement System (MPSERS). Total funding for the rate cap in the K-12 budget is \$893.5 million. 216,600,000
2. **Foundation Allowance.** Governor proposed a \$75 across-the-board increase in the foundation allowance, bringing the minimum to \$7,326. Senate proposed an increase between \$50 and \$100 per pupil, using the '2x' formula, which costs \$22.0 million more than Governor's plan. Senate included \$1.0 million for \$200 per-pupil consolidation incentives. 131,000,000
3. **At Risk.** Governor and Senate proposed a 32.4% increase (\$100 m) in the At Risk program. 100,000,000
4. **District Fiscal Emergency Contingency Fund.** Governor proposed \$75.0 million for this reserve fund (up from \$4.0 million current year); Senate funded at \$8.9 million. 4,935,900
5. **Career and Technical Education (CTE).** Governor proposed \$17.8 million for career and technical education/dual enrollment, \$3.0 million GF/GP for the Michigan College Access Network (MCAN), which was transferred into the budget from the Higher Education budget, and \$600,000 GF/GP for a public awareness campaign and an online career planning tool. Senate concurred and further increased the traditional CTE funding by \$13.4 million. 34,788,700
6. **Pupil Membership Blend.** Senate changed the calculation for pupil memberships from 90% fall count/10% subsequent spring count, to 85% fall/15% prior-year spring. 9,000,000
7. **Adult Education.** Senate increased Adult Education funding to a total of \$29.0 million. 7,000,000
8. **Federal Grants.** Governor and Senate reduced Federal grants by \$32.4 million. (32,393,500)

FY 2015-16 SCHOOL AID BUDGET

9. Early Literacy Initiatives. Governor proposed \$10.0 million in grants to support additional instruction time for kindergarteners; a \$5.0 million increase to expand home visits for parenting skills and early identification of children with additional needs; a \$3.0 million investment in literacy coaches; a \$2.6 million increase in assessments for grades K-2; and other early literacy funding totaling \$5.4 million (of which \$2.0 million is GF/GP). Senate doubled the funding available for additional instructional time for kindergarteners, and did not fund a best practices clearinghouse or development of an elementary reading assessment (though both of these items are required to be undertaken by the Department of Education.)	35,000,000
10. Categorical Offset Payments. Senate included \$6.4 million in additional funding to ensure no district receives less funding compared to last year when summing the per-pupil changes in the foundation allowance, at risk, best practices, and pupil performance.	6,400,000
11. Computer Adaptive Test and Financial Data Analysis Tools. Senate provided reimbursement to districts that purchase a computer adaptive test (\$5.0 million), and reimbursement to districts to purchase a financial data analysis tool (\$1.5 million).	6,500,000
12. Transportation Funding, ISD Operations, Math/Science Centers, Civics Education, Albion/Marshall. Senate increased grants for transportation \$2.4 million, math/science centers \$1.0 million, and ISD operations \$1.0 million, and provided \$350,000 to Marshall/Albion, \$150,000 for conductive learning, and \$60,000 for Civics Education.	4,975,400
13. School Bond Loan Fund Debt Service, Payments in Lieu of Taxes (PILT), Promise Zones. Governor and Senate funded required increases in obligation payments.	18,383,700
14. Gang Prevention and Intervention. Governor proposed a new \$1.0 million program to provide grants for gang prevention and intervention. Senate did not include.	0
15. Michigan Virtual University (MVU). Governor proposed a \$600,000 GF/GP increase for MVU to include community college courses in the online course catalog and for a network of school-based mentors for online learning. Senate did not include the increased funding.	0
16. MPSERS Additional Payment toward Liabilities. Governor and Senate proposed eliminating an additional payment toward unfunded accrued liabilities.	(19,634,500)
17. Technical Cost Adjustments. Governor and Senate included technical adjustments for foundation allowances and special education due to newer estimates.	(66,400,000)
18. Pupil Performance, Best Practices, and Technology Grants. Governor and Senate eliminated funding for pupil performance grants (\$51.1 million), reduced best practices by \$45.0 million, and reduced technology infrastructure grants by \$16.5 million.	(112,600,000)
19. Durant Bonds. Governor and Senate eliminated funding for <i>Durant</i> non-plaintiff debt service, since FY 2014-15 was the last year of payments.	(39,500,000)
20. Educator Evaluations. Governor and Senate eliminated FY 2015-16 funding for educator evaluations, but added language for FY 2014-15 funding to be designated as a work project. (Senate also reduced current-year funding of the program from \$14.8 million to \$650,000.)	(14,800,000)
21. Other Program Eliminations. Governor and Senate eliminated bus conversion grants (\$3.0 million), professional development in STEM (\$330,000), and a career readiness study (\$250,000). Senate also eliminated stand-alone consolidation incentive grants (\$2.0 million).	(5,580,000)
22. Other Program Reductions. Governor reduced funding for strict discipline academies (\$1.0 million), vocational education earmark (\$1.0 million), and a payment for consolidated Intermediate School Districts (\$7,000). Senate restored \$500,000 of the reduction to SDAs.	(1,507,000)
23. Economic Adjustments. Includes (\$98,200) Gross and (\$68,300) GF/GP for OPEB and \$33,300 Gross and \$12,500 GF/GP for other economic adjustments.	(64,900)
24. Comparison to Governor's Recommendation. The Senate is \$10.1 million Gross over and \$4.2 million GF/GP below the Governor's recommendation.	
Total Changes	\$282,103,800
FY 2015-16 Senate Appropriations Committee Gross Appropriation	\$13,969,063,900

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Foundation Allowance.** Governor proposed a \$75 across-the-board increase. Senate proposed using '2x' formula with increases ranging between \$50 and \$100. In addition, Senate provided a two-year increase in the foundation allowance of consolidated districts, equal to \$200 per pupil. (Sec. 20)
2. **Online Learning.** Governor and Senate added community colleges to the section allowing for dual enrollment in online courses, and added clarifying language that the primary district (instead of educating) is responsible for the program. Governor and Senate added a requirement that the primary district assign to each pupil a mentor to monitor the pupil's progress during the online course and supply the providing district with the mentor's contact information. Governor reduced payment from 8.33% of minimum foundation to 6.66%; Senate used 6.67%. (Sec. 21f)
3. **Best Practices.** Governor and Senate reduced the maximum per-pupil grant from \$50 to \$20, and changed the eligibility from meeting seven out of the current eight, to meeting both financial best practices (including providing department-approved training to board members if the General Fund balance is below 5.0%) and academic best practices (including administering a kindergarten entry assessment, administering department-approved diagnostic tools to monitor early literacy and reading skills in grades K-3, assessing the effectiveness of college and career advising programs in the district), or offering credit recovery, newly defined in the bill. (Sec. 22f)
4. **Technology Readiness Grants.** Governor added data systems that use evidence-based literacy diagnostic tools to inform teachers of pupils in grades K-3 as an allowable use of grant funding. Senate concurred, but also earmarked the funding into specific areas to focus the distributions, and added non-compete language. (Sec. 22i)
5. **Enrollments from Out-of-State.** Senate added a requirement for CEPI to investigate the number of children newly enrolling in Michigan between the fall and spring count days. (Sec. 25e)
6. **Strict Discipline Academies.** Senate restructured this section to be an added cost reimbursement. (Sec. 25f)
7. **At-Risk.** Senate did not delete the following three criteria: victim of child abuse or neglect; pregnant teenager or teenage parent; and, family history of school failure, incarceration, or substance abuse. Senate broadened eligibility related to assessments and reduced price lunch qualifications. Governor and Senate added language requiring the MDE to collaborate with DHS to prioritize assigning Pathways to Potential Success coaches to elementary schools with pupils in grades K-3 not reading at grade level. Senate added language requiring that 50% of the increase be used for third grade reading, and earmarked \$2.0 million for one-time funding to child and adolescent health centers to increase access to nurses and behavioral health services in schools. (Sec. 31a)
8. **School Readiness.** Senate added language allowing eligible three-year-olds to be funded if a four-year-old class would have had to return slot funding due to insufficient class size. (Sec. 32d)
9. **Early Literacy.** Governor added a new section stating that the increased funds in (new) sections 35a to 35g will be used to ensure children are reading at grade level by the end of third grade, and so that Michigan will be in the top 10 most improved states in fourth grade reading proficiency as measured by the 2019 National Assessment of Educational Progress (NAEP), and in the top 10 states overall by 2025. Senate concurred and further required the Superintendent to identify all staff hired under the early literacy sections to be designated as critical shortage. (Sec. 35.)
10. **Parent University.** Governor and Senate added a new section outlining a pilot of a parent education program for parents of children less than four years old so that children are ready to success at school entry. Grants would be the lesser of \$130,000 or \$120 per four-year-old in the district or consortium. The program would be overseen by a certificated teacher with an early childhood focus, with at least two hours per week for parents and their eligible children to participate in parent education programs with structured learning activities. (Sec. 35a)
11. **Professional Development Related to Current State Literacy Standards.** Governor and Senate added a new section providing funding for professional development with the Department determining the level of grant awards and collaborating with MVU to provide the training online to educators of pupils in grades K-3. (Sec. 35b)
12. **Other Early Literacy Sections.** Governor added five additional sections related to early literacy, including adoption of a certification test for newly certified elementary teachers (Sec. 35c); diagnostic tools to monitor the development of early literacy and reading skills of pupils in grades K-3 (Sec. 35d); early literacy coaches (Sec. 35e); grants for providing additional instructional time to pupils in grades K-3 that have been identified as needing additional support (Sec. 35f); and, establishing a clearinghouse of best practices (Sec. 35g). Senate did not include Sections 35c or 35g, but did require the Department of Education to complete these tasks under boilerplate in the Department budget bill.

13. **Reallocation of Lapsing Special Education Money.** Governor proposed eliminating a provision that distributes money that otherwise would lapse under special education to districts affected by changes related to the costs of itinerant staff. Senate did not concur and retained the language. (Sec. 51a(7)(c))
14. **Career and Technical Education (CTE)/Adult Education.** Senate allowed CTE programs to enroll Adult Education participants, and allowed for the billing of general ed. course costs to Adult Education providers. Further, Senate added language prioritizing reimbursement based on capital and program expenditures, and other items. Finally, Senate halted the planned phase-out of funding based on prior providers, included a \$500,000 pilot program linking CTE, Adult Education, and Michigan Works!, and returned funding to 90% enrollment, 10% completion. (Sec. 61a and 107)
15. **CTE Early/Middle College Programs.** Governor and Senate added early/middle college programs (five-year programs) designed to increase the number of residents with high quality degrees or credentials, and to increase the number of students who are college- and career-ready upon high school graduation, for programs that have been identified in the highest five career cluster rankings, allowing for a student to earn a high school diploma and achieve either a certificate, associate's degree, apprenticeship, or transferable credits. (Sec. 61b)
16. **Dual Enrollment Reimbursement.** Senate added a requirement for districts seeking reimbursement under this section to ensure that college credit awarded is accepted at any Michigan community college or university. (Sec. 64b)
17. **Michigan College Access Network (MCAN).** Governor and Senate transferred from the Higher Education budget the MCAN, which is intended to inform students of college and career options and provide an array of tools to increase the number of students adequately prepared to make decisions on college and career. Of the \$3.6 million appropriation, \$0.6 million is earmarked for dual enrollment outreach and an online career planning tool. (Sec. 67)
18. **ISD Best Practices.** Governor and Senate deleted two current best practices and changed the eligibility to meeting all remaining four best practices. Senate eliminated ISD best practices and rolled funding into the base. (Sec. 81)
19. **Educator Evaluations.** Governor and Senate struck language prohibiting the use of these funds unless HBs 5223 and 5224 of the previous legislative session were enacted. Senate reduced current-year funding to \$1.0 million. (Sec. 95a)
20. **Michigan Virtual University.** Governor and Senate added a requirement that MVU create a statewide network of school-based mentors to help more students be successful online learners. Also, MVU must include online courses offered by community college in the statewide catalog of online learning, and language was added capping the amount of funding that MVU can use to subsidize the cost paid by districts for online courses at \$1.0 million. (Sec. 98)
21. **Deficit Districts.** Governor and Senate included numerous changes related to deficit elimination plans and enhanced deficit elimination plans, reflective of 'early warning' legislation from the previous legislative session. (Sec. 102)
22. **Transmittal of Budgetary Assumptions.** Governor and Senate included a new section for transmitting budgetary assumptions, reflective of 'early warning' legislation that was deliberated in the previous legislative session. (Sec. 103a)
23. **Determination of Fiscal Stress.** Governor and Senate included a new section requiring a notification of fiscal stress, deficit, or financial emergency and a request for assistance, reflective of "early warning" legislation. (Sec. 103b)
24. **Periodic Financial Status Reports.** Governor and Senate included a new section requiring a district to submit periodic financial status reports if the Superintendent or State Treasurer determine that financial stress may exist, that a deficit is projected to arise, or that the district may be unable to meet its financial obligations, reflective of "early warning" legislation that was deliberated in the previous legislative session. (Sec. 103c)
25. **Merit Exam.** Governor and Senate changed 'shall' to 'may' for the requirement of one or more writing components, and added language allowing the Department to augment the college entrance and work skills components to develop the assessment, dependent on their alignment to Michigan content standards. (Sec. 104b)
26. **M-STEP.** Governor and Senate added grade 11 to the summative assessments for English Language Arts (ELA) and math (currently grades 3-10), and added language requiring the Department to field test additional components (fall and spring assessments to measure ELA and math in grades 1 and 2, and kindergarten entry assessment) in the assessment system beginning in FY 2015-16 for full implementation in FY 2016-17.
27. **Repealers.** Sections 12 (intent to appropriate for the upcoming year), 22c (equity payment), 22j (pupil performance grants), 31b (year-round schooling), 32r (Race to the Top Federal grant), 64c (career readiness study), 64d (IT education opportunities), 74a (bus conversion grants), 99b (STEM professional development), 147d (one-time additional payment toward MPERS liabilities), and 166 (5.0% penalty if dispensing a family planning drug or device), were repealed by the Governor. Senate concurred, but did not repeal Sec. 166, and did repeal Sec. 22g (consolidation).

Date Completed: 4-28-15

Fiscal Analyst: Kathryn Summers



**FY 2014-15 Year to Date (Including HB 4110, P.A. 5 of 2015 Negative Supplemental),
Governor's Recommendation, Senate SAC Recommendation, and House HAC Recommendation for FY 2015-16 (Dollars in Thousands)**

Line Item Description	REVISED Totals FY 2014-15	Gov's Rec FY 2015-16	Compared to Revised FY 2014-15	April 22, 2015 Senate SAC FY 2015-16	Compared to Revised FY 2014-15	Compared to Governor's Rec FY 2015-16	April 23, 2015 House HAC FY 2015-16	Compared to Governor FY 2015-16	Compared to Senate SAC FY 2015-16
Sec. 11g Durant Non-plaintiff Debt Service	\$39,500.0	\$0.0	(\$39,500.0)	\$0.0	(\$39,500.0)	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 11j School Bond Loan Fund Payments - Debt Service	\$126,000.0	\$143,000.0	\$17,000.0	\$143,000.0	\$17,000.0	\$0.0	\$143,000.0	\$0.0	\$0.0
Sec. 11m Cash Flow Borrowing Costs	\$3,000.0	\$4,000.0	\$1,000.0	\$4,000.0	\$1,000.0	\$0.0	\$4,000.0	\$0.0	\$0.0
Sec. 11r District Fiscal Emergency Contingency Fund	\$4,000.0	\$75,000.0	\$71,000.0	\$8,935.9	\$4,935.9	(\$66,064.1)	\$0.0	(\$75,000.0)	(\$8,935.9)
Sec. 20f Categorical Offset Payments	\$6,000.0	\$6,000.0	\$0.0	\$12,400.0	\$6,400.0	\$6,400.0	\$14,000.0	\$8,000.0	\$1,600.0
Sec. 20g Student Transition Grants in Dissolved Districts	\$2,200.0	\$2,200.0	\$0.0	\$2,200.0	\$0.0	\$0.0	\$0.0	(\$2,200.0)	(\$2,200.0)
Sec 22a Proposal A Obligation Payment	\$5,380,000.0	\$5,277,000.0	(\$103,000.0)	\$5,282,300.0	(\$97,700.0)	\$5,300.0	\$5,277,000.0	\$0.0	(\$5,300.0)
Sec. 22b Discretionary Payment - State	\$3,434,000.0	\$3,662,000.0	\$228,000.0	\$3,688,700.0	\$254,700.0	\$26,700.0	\$3,912,400.0	\$250,400.0	\$223,700.0
Sec. 22c Equity Payment	\$103,000.0	\$0.0	(\$103,000.0)	\$0.0	(\$103,000.0)	\$0.0	\$24,000.0	\$24,000.0	\$24,000.0
Sec. 22d Isolated Districts Funding	\$2,584.6	\$2,584.6	\$0.0	\$5,000.0	\$2,415.4	\$2,415.4	\$2,584.6	\$0.0	(\$2,415.4)
Sec. 22f Best Practices	\$75,000.0	\$30,000.0	(\$45,000.0)	\$30,000.0	(\$45,000.0)	\$0.0	\$0.0	(\$30,000.0)	(\$30,000.0)
Sec. 22g Consolidation Innovation Grants	\$2,000.0	\$2,000.0	\$0.0	\$0.0	(\$2,000.0)	(\$2,000.0)	\$5,000.0	\$3,000.0	\$5,000.0
Sec. 22i Technology Infrastructure and iSchool	\$41,500.0	\$25,000.0	(\$16,500.0)	\$25,000.0	(\$16,500.0)	\$0.0	\$0.0	(\$25,000.0)	(\$25,000.0)
Sec. 22j Pupil Performance	\$51,100.0	\$0.0	(\$51,100.0)	\$0.0	(\$51,100.0)	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 24 Court-Placed Pupils	\$8,000.0	\$8,000.0	\$0.0	\$8,000.0	\$0.0	\$0.0	\$8,000.0	\$0.0	\$0.0
Sec. 24a Juvenile Detention Facilities	\$2,195.5	\$2,189.8	(\$5.7)	\$2,189.8	(\$5.7)	\$0.0	\$2,189.8	\$0.0	\$0.0
Sec. 24c Challenge Program	\$1,500.0	\$1,497.4	(\$2.6)	\$1,497.4	(\$2.6)	\$0.0	\$1,497.4	\$0.0	\$0.0
Sec. 25f Strict Discipline Academies	\$2,000.0	\$1,000.0	(\$1,000.0)	\$1,500.0	(\$500.0)	\$500.0	\$1,000.0	\$0.0	(\$500.0)
Sec. 26a Renaissance Zone Costs	\$26,300.0	\$26,300.0	\$0.0	\$26,300.0	\$0.0	\$0.0	\$26,300.0	\$0.0	\$0.0
Sec. 26b PILT Reimbursement	\$4,210.0	\$4,276.8	\$66.8	\$4,276.8	\$66.8	\$0.0	\$4,276.8	\$0.0	\$0.0
Sec. 26c Promise Zone	\$293.1	\$610.0	\$316.9	\$610.0	\$316.9	\$0.0	\$610.0	\$0.0	\$0.0
Sec. 31a "At Risk" Pupil Support	\$308,988.2	\$408,988.2	\$100,000.0	\$408,988.2	\$100,000.0	\$0.0	\$308,988.2	(\$100,000.0)	(\$100,000.0)
Sec. 31a Vision/Hearing Screening	\$5,150.0	\$5,150.0	\$0.0	\$5,150.0	\$0.0	\$0.0	\$5,150.0	\$0.0	\$0.0
Sec. 31a Child and Adolescent Health Centers	\$3,557.3	\$3,557.3	\$0.0	\$3,557.3	\$0.0	\$0.0	\$3,557.3	\$0.0	\$0.0
Sec. 31c Gang Prevention and Intervention Programs - NEW	\$0.0	\$1,000.0	\$1,000.0	\$0.0	\$0.0	(\$1,000.0)	\$0.0	(\$1,000.0)	\$0.0
Sec. 31d School Lunch Programs - State Share	\$22,495.1	\$22,495.1	\$0.0	\$22,495.1	\$0.0	\$0.0	\$22,495.1	\$0.0	\$0.0
Sec. 31d School Lunch Programs - Federal Share	\$513,200.0	\$513,200.0	\$0.0	\$513,200.0	\$0.0	\$0.0	\$513,200.0	\$0.0	\$0.0
Sec. 31f School Breakfast	\$5,625.0	\$5,625.0	\$0.0	\$5,625.0	\$0.0	\$0.0	\$5,625.0	\$0.0	\$0.0
Sec. 31g Nutrition Program	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 31h Cooperative Education Grant - NEW	\$0.0	\$0.0	\$0.0	\$350.0	\$350.0	\$350.0	\$0.0	\$0.0	(\$350.0)
Sec. 32d Great Start - School Readiness	\$239,575.0	\$239,575.0	\$0.0	\$239,575.0	\$0.0	\$0.0	\$239,575.0	\$0.0	\$0.0
Sec. 32p Great Start Early Childhood Block Grants	\$10,900.0	\$15,900.0	\$5,000.0	\$15,900.0	\$5,000.0	\$0.0	\$10,900.0	(\$5,000.0)	(\$5,000.0)
Sec. 35 MDE Administration of Early Reading Initiatives - NEW	\$0.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$0.0	\$0.0	(\$1,000.0)	(\$1,000.0)
Sec. 35a Parents University Pilot - NEW	\$0.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$0.0	\$0.0	(\$1,000.0)	(\$1,000.0)
Sec. 35b Research-Based Professional Development on Early Literacy - NEW	\$0.0	\$950.0	\$950.0	\$950.0	\$950.0	\$0.0	\$0.0	(\$950.0)	(\$950.0)
Sec. 35c Elementary Teacher Assessment of Reading Instruction - NEW	\$0.0	\$500.0	\$500.0	\$0.0	\$0.0	(\$500.0)	\$0.0	(\$500.0)	\$0.0
Sec. 35d Evidence-Based Professional Development in Assessments - NEW	\$0.0	\$1,450.0	\$1,450.0	\$1,450.0	\$1,450.0	\$0.0	\$0.0	(\$1,450.0)	(\$1,450.0)
Sec. 35e Investment in Literacy Coaches for K-3 Teachers - NEW	\$0.0	\$3,000.0	\$3,000.0	\$3,000.0	\$3,000.0	\$0.0	\$0.0	(\$3,000.0)	(\$3,000.0)
Sec. 35f Additional Instructional Time - NEW	\$0.0	\$10,000.0	\$10,000.0	\$20,000.0	\$20,000.0	\$10,000.0	\$0.0	(\$10,000.0)	(\$20,000.0)
Sec. 35g Clearinghouse for Best Practices in Early Reading - NEW	\$0.0	\$500.0	\$500.0	\$0.0	\$0.0	(\$500.0)	\$0.0	(\$500.0)	\$0.0
Sec. 39a(1) NCLB Federal DOE Grants	\$807,969.9	\$779,076.4	(\$28,893.5)	\$779,076.4	(\$28,893.5)	\$0.0	\$779,076.4	\$0.0	\$0.0
Sec. 39a(2) Other Non-NCLB Federal DOE Grants	\$31,300.0	\$30,800.0	(\$500.0)	\$30,800.0	(\$500.0)	\$0.0	\$30,800.0	\$0.0	\$0.0
Sec. 41 Bilingual Education	\$1,200.0	\$1,200.0	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	(\$1,200.0)	(\$1,200.0)
Sec. 43 Teacher Certification Test Review	\$1,800.0	\$1,800.0	\$0.0	\$1,800.0	\$0.0	\$0.0	\$1,800.0	\$0.0	\$0.0
Sec. 51c Special Education Headlee - State Share	\$606,000.0	\$621,000.0	\$15,000.0	\$621,000.0	\$15,000.0	\$0.0	\$621,000.0	\$0.0	\$0.0
Sec. 51a(2) Spec. Ed. Foundations - State Share	\$251,800.0	\$257,200.0	\$5,400.0	\$257,200.0	\$5,400.0	\$0.0	\$257,200.0	\$0.0	\$0.0
Sec. 51a(3) Spec. Ed. Hold Harmless to ISDs - State Share	\$1,000.0	\$1,000.0	\$0.0	\$1,000.0	\$0.0	\$0.0	\$1,000.0	\$0.0	\$0.0
Sec. 51a(11) Spec. Ed. Non Sec. 52 to ISDs - State Share	\$4,000.0	\$3,200.0	(\$800.0)	\$3,200.0	(\$800.0)	\$0.0	\$3,200.0	\$0.0	\$0.0
Sec. 51a(6) Spec. Ed. Rules Change - State Share	\$2,200.0	\$2,200.0	\$0.0	\$2,200.0	\$0.0	\$0.0	\$2,200.0	\$0.0	\$0.0
Sec. 53a Court-Placed Spec. Ed. FTEs - State Share	\$10,500.0	\$10,500.0	\$0.0	\$10,500.0	\$0.0	\$0.0	\$10,500.0	\$0.0	\$0.0
Sec. 54 MI School for Deaf and Blind - State Share	\$1,688.0	\$1,688.0	\$0.0	\$1,688.0	\$0.0	\$0.0	\$1,688.0	\$0.0	\$0.0
Sec. 56 Spec. Ed. Millage Equalization - State Share	\$37,758.1	\$37,758.1	\$0.0	\$37,758.1	\$0.0	\$0.0	\$37,758.1	\$0.0	\$0.0
Sec. 51a Special Education - Federal IDEA	\$370,000.0	\$370,000.0	\$0.0	\$370,000.0	\$0.0	\$0.0	\$370,000.0	\$0.0	\$0.0
Sec. 51d Special Education - Other Federal	\$74,000.0	\$71,000.0	(\$3,000.0)	\$71,000.0	(\$3,000.0)	\$0.0	\$71,000.0	\$0.0	\$0.0
Sec. 55 Conductive Learning Center Study - NEW	\$0.0	\$0.0	\$0.0	\$150.0	\$150.0	\$150.0	\$150.0	\$150.0	\$0.0
Sec. 61a Vocational Education	\$27,611.3	\$26,611.3	(\$1,000.0)	\$40,000.0	\$12,388.7	\$13,388.7	\$42,611.3	\$16,000.0	\$2,611.3
Sec. 61b Career and Technical Education/Dual Enrollment - NEW	\$0.0	\$17,800.0	\$17,800.0	\$17,800.0	\$17,800.0	\$0.0	\$0.0	(\$17,800.0)	(\$17,800.0)
Sec. 62 ISD Vocational Ed Millage Equalization	\$9,190.0	\$9,190.0	\$0.0	\$9,190.0	\$0.0	\$0.0	\$9,190.0	\$0.0	\$0.0
Sec. 64b Dual Enrollment Incentive Payments	\$1,750.0	\$1,750.0	\$0.0	\$1,750.0	\$0.0	\$0.0	\$0.0	(\$1,750.0)	(\$1,750.0)
Sec. 64c Career Readiness Study	\$250.0	\$0.0	(\$250.0)	\$0.0	(\$250.0)	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 65 Detroit Precollege Engineering	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$340.0	\$340.0	\$340.0
Sec. 67 College and Career Readiness Tools - NEW	\$0.0	\$3,600.0	\$3,600.0	\$3,600.0	\$3,600.0	\$0.0	\$2,000.0	(\$1,600.0)	(\$1,600.0)
Sec. 74 Bus Driver Safety Instruction	\$1,625.0	\$1,625.0	\$0.0	\$1,625.0	\$0.0	\$0.0	\$1,625.0	\$0.0	\$0.0
Sec. 74 School Bus Inspections	\$1,691.5	\$1,690.7	(\$0.8)	\$1,690.7	(\$0.8)	\$0.0	\$1,690.7	\$0.0	\$0.0
Sec. 74a Bus Conversion from Diesel to Natural Gas	\$3,000.0	\$0.0	(\$3,000.0)	\$0.0	(\$3,000.0)	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 81 ISD General Operations Support	\$65,115.0	\$65,108.0	(\$7.0)	\$68,108.0	\$2,993.0	\$3,000.0	\$67,108.0	\$2,000.0	(\$1,000.0)
Sec. 81(7) ISD Best Practices	\$2,000.0	\$2,000.0	\$0.0	\$0.0	(\$2,000.0)	(\$2,000.0)	\$0.0	(\$2,000.0)	\$0.0
Sec. 94 Advanced Placement (AP) Incentive Program	\$250.0	\$250.0	\$0.0	\$250.0	\$0.0	\$0.0	\$250.0	\$0.0	\$0.0
Sec. 94a Center for Educ. Perf. and Information - State Share	\$12,022.8	\$11,967.0	(\$55.8)	\$11,967.0	(\$55.8)	\$0.0	\$11,967.0	\$0.0	\$0.0
Sec. 94a Center for Educ. Perf. and Information - Federal	\$193.5	\$193.5	\$0.0	\$193.5	\$0.0	\$0.0	\$193.5	\$0.0	\$0.0



**FY 2014-15 Year to Date (Including HB 4110, P.A. 5 of 2015 Negative Supplemental),
Governor's Recommendation, Senate SAC Recommendation, and House HAC Recommendation for FY 2015-16 (Dollars in Thousands)**

<u>Line Item Description</u>	<u>REVISED Totals FY 2014-15</u>	<u>Gov's Rec FY 2015-16</u>	<u>Compared to Revised FY 2014-15</u>	<u>April 22, 2015 Senate SAC FY 2015-16</u>	<u>Compared to Revised FY 2014-15</u>	<u>Compared to Governor's Rec FY 2015-16</u>	<u>April 23, 2015 House HAC FY 2015-16</u>	<u>Compared to Governor FY 2015-16</u>	<u>Compared to Senate SAC FY 2015-16</u>
Sec. 95a Educator Evaluations (Senate Approps Reduction in FY 15)	\$650.0	\$0.0	(\$650.0)	\$0.0	(\$650.0)	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 98 Michigan Virtual High School - State	\$7,387.5	\$7,987.5	\$600.0	\$7,387.5	\$0.0	(\$600.0)	\$7,987.5	\$0.0	\$600.0
Sec. 99 Math/Science Centers - State	\$3,225.0	\$3,225.0	\$0.0	\$4,225.0	\$1,000.0	\$1,000.0	\$0.0	(\$3,225.0)	(\$4,225.0)
Sec. 99 Math/Science Centers - Federal	\$5,249.3	\$5,249.3	\$0.0	\$5,249.3	\$0.0	\$0.0	\$5,249.3	\$0.0	\$0.0
Sec. 99b STEM Professional Development	\$330.0	\$0.0	(\$330.0)	\$0.0	(\$330.0)	\$0.0	\$330.0	\$330.0	\$330.0
Sec. 99c Civics Education	\$0.0	\$0.0	\$0.0	\$60.0	\$60.0	\$60.0	\$0.0	\$0.0	(\$60.0)
Sec. 99h FIRST Robotics	\$2,000.0	\$2,000.0	\$0.0	\$2,000.0	\$0.0	\$0.0	\$2,660.0	\$660.0	\$660.0
Sec. 99q Science Olympiad and STEM - NEW	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$900.0	\$900.0	\$900.0
Sec. 99r Van Andel Education Institute - NEW	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$500.0	\$500.0	\$500.0
Sec. 99s Comprehensive STEM Initiative	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.1
Sec. 102d Reimbursement for Purchase of Financial Data Analysis Tool(s)	\$0.0	\$0.0	\$0.0	\$1,500.0	\$1,500.0	\$1,500.0	\$0.0	\$0.0	(\$1,500.0)
Sec. 104 MEAP Testing - State Share	\$41,394.4	\$43,994.4	\$2,600.0	\$43,994.4	\$2,600.0	\$0.0	\$41,394.4	(\$2,600.0)	(\$2,600.0)
Sec. 104 MEAP Testing - Federal Share	\$6,250.0	\$6,250.0	\$0.0	\$6,250.0	\$0.0	\$0.0	\$6,250.0	\$0.0	\$0.0
Sec. 104d Computer Adaptive Test	\$0.0	\$0.0	\$0.0	\$5,000.0	\$5,000.0	\$5,000.0	\$0.0	\$0.0	(\$5,000.0)
Sec. 107 Adult Education - State	\$22,000.0	\$22,000.0	\$0.0	\$29,000.0	\$7,000.0	\$7,000.0	\$0.0	(\$22,000.0)	(\$29,000.0)
Sec. 147a MPSERS District Reimbursement	\$100,000.0	\$100,000.0	\$0.0	\$100,000.0	\$0.0	\$0.0	\$50,000.0	(\$50,000.0)	(\$50,000.0)
Sec. 147c MPSERS Rate Cap (Section 41 of MPSERS Act)	\$676,900.0	\$893,500.0	\$216,600.0	\$893,500.0	\$216,600.0	\$0.0	\$893,500.0	\$0.0	\$0.0
Sec. 147d MPSERS Liability Extra Payment	\$19,634.5	\$0.0	(\$19,634.5)	\$0.0	(\$19,634.5)	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 152 Adair v State of Michigan	\$38,000.5	\$38,000.5	\$0.0	\$38,000.5	\$0.0	\$0.0	\$38,000.5	\$0.0	\$0.0
Sec. 152b Nonpublic School Reimbursement - NEW	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TOTAL SCHOOL AID APPROPRIATIONS	\$13,672,810.1	\$13,958,963.9	\$286,153.8	\$13,969,063.9	\$296,253.8	\$10,100.0	\$13,906,469.0	(\$52,494.9)	(\$62,594.9)
TOTAL REVENUE									
Federal Aid	\$1,808,162.7	\$1,775,769.2	(\$32,393.5)	\$1,775,769.2	(\$32,393.5)	\$0.0	\$1,775,769.2	\$0.0	\$0.0
School Aid Fund (SAF)	\$11,812,947.4	\$12,137,294.7	\$324,347.3	\$12,151,594.7	\$338,647.3	\$14,300.0	\$12,084,799.8	(\$52,494.9)	(\$66,794.9)
General Fund/General Purpose	\$33,700.0	\$45,900.0	\$12,200.0	\$41,700.0	\$8,000.0	(\$4,200.0)	\$45,900.0	\$0.0	\$4,200.0
MPSERS Reforms Fund	\$18,000.0	\$0.0	(\$18,000.0)	\$0.0	(\$18,000.0)	\$0.0	\$0.0	\$0.0	\$0.0
TOTAL REVENUE	\$13,672,810.1	\$13,958,963.9	\$286,153.8	\$13,969,063.9	\$296,253.8	\$10,100.0	\$13,906,469.0	(\$52,494.9)	(\$62,594.9)



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

Senate Bill 134 (Substitute S-1)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 SEN. FULL COMM.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A
GROSS	364,724,900	393,825,600	29,100,700	8.0
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	364,724,900	393,825,600	29,100,700	8.0
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	364,724,900	393,825,600	29,100,700	8.0
Less:				
Other State Restricted Funds.....	364,724,900	271,114,800	(93,610,100)	(25.7)
GENERAL FUND/GENERAL PURPOSE	0	122,710,800	122,710,800	---
PAYMENTS TO LOCALS	364,724,900	393,825,600	29,100,700	8.0

FY 2014-15 Year-to-Date Gross Appropriation \$364,724,900

Changes from FY 2014-15 Year-to-Date:

- 1. Michigan Public School Employees Retirement System (MPERS) Rate Cap.** The Governor and Senate included an additional \$17.2 million School Aid Fund (SAF) to continue funding the difference between the employer's capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate. MPERS reform legislation requires the State to pay the difference between these amounts. The FY 2015-16 State payment totals \$69.5 million. 17,200,000
- 2. Part-Time Independent Student Grants.** The Governor and Senate included \$6.0 million SAF to initiate a revised version of the Part-Time Independent Student Grants created by Public Act 102 of 1986. The grants were established to foster the pursuit of postsecondary education by part-time students who have financial need. The maximum grant was \$600 per year for not more than two 12-month periods at any given educational institution. The last year these grants received funding was in FY 2008-09 when grants totaled \$2.6 million. The Governor recommended amending Public Act 102 to revise the grant program by limiting grants to community college students, removing the \$600 limit and providing the Department of Treasury with the authority to set the limit each academic year, and changing the two-year limit for each student to three years. The Governor and Senate also included new language in the Community College budget (Sec. 215) encouraging community colleges to prioritize grant funds for aid to students who have enrolled in an academic program after not being enrolled for more than a semester or term, who have previously earned credits in an academic program, and who have not yet earned a certificate or degree. 6,000,000

FY 2015-16 COMMUNITY COLLEGES BUDGET

- 3. **Performance Funding.** The Governor included a \$4.3 million SAF (1.4%) increase for community college operations distributed through a modified version of the Performance Indicators Task Force Formula that has been used in recent years. The Governor eliminated the Local Strategic Value portion of the formula which was previously used to distribute 15.0% of the formula allocations. The Governor transferred the 15.0% to the Weighted Degree portion of the formula, increasing that distribution from 17.5% of the formula to 32.5%. The Senate maintained the Local Strategic Value portion of the formula and did not concur with the Governor's changes. Table 1 includes details of allocations by college. 4,300,700
 The Governor and Senate included active participation in the Michigan Transfer Network as a new prerequisite to receive performance funding. The Governor and Senate also added computer and information systems to the programs included in the highest weighted degree calculation.
- 4. **Renaissance Zone Reimbursements.** Payments are made pursuant to Public Act 376 of 1996. The Act requires the State to reimburse a community college district each year for all tax revenue lost as a result of the exemption of property under the Act. The Governor and Senate increased funding from \$3.5 million to \$5.1 million based on current projections. The \$1.6 million increase is funded from the SAF. 1,600,000
- 5. **Funding Shift.** The FY 2014-15 supplemental (2015 PA 5) shifted \$167.1 million from the State General Fund to the SAF, resulting in the entire FY 2014-15 Community College budget being funded from the SAF. The Governor's FY 2015-16 recommendation for community colleges shifts \$137.1 million back to the State General Fund, leaving \$256.7 supported by the SAF. The Senate shifted an additional \$14.4 million from the State General Fund to the SAF, resulting in FY 2015-16 funding of \$122.7 million of the budget from the State General Fund and \$271.1 from the SAF. 0
- 6. **Comparison to Governor's Recommendation.** The Senate is \$0 Gross and \$14,400,000 GF/GP under the Governor.

Total Changes	\$29,100,700
FY 2015-16 Senate Appropriations Committee Gross Appropriation	\$393,825,600

Boilerplate Changes from FY 2014-15 Year-to-Date:

- 1. **Transparency.** Requires each community college to make available through links on its website homepage its annual operating budget, links to the most recent activities classification structure report, current collective bargaining agreements, health care plans, audits and financial reports, projected General Fund revenue and expenditures and debt service obligations, estimated costs incurred due to Affordable Health Care Act (ACA), opportunities for earning college credit through dual enrollment and compliance with best practices. Includes certain format requirements consistent with K-12 reporting. Provides that the State Budget Director determines compliance and allows for withholding of State aid payments for noncompliance. The Governor eliminated estimated costs of ACA, Board of Trustees resolution regarding compliance with best practices, the State Budget Director's authority to withhold funds for failure to comply with transparency site requirements, and dual enrollment reporting requirements. The Senate did not concur with the Governor and maintained current-year language. (Sec. 209)
- 2. **Block Transfers.** (1) It is the intent of the Legislature that the Michigan Association of Collegiate Registrars and Admission Officers implement any agreement or agreements among the community colleges and universities concerning the transferability of college courses resulting from the recommendations of the committee created under former section 210a. (2) It is the intent of the Legislature that the Michigan Association of Collegiate Registrars and Admissions Officers, the Michigan Community College Association, and the Presidents Council, State universities of Michigan shall together submit an implementation update report to the Senate and House Appropriations Subcommittees on Community Colleges and Higher Education, the Senate and House Fiscal Agencies, and the State Budget Director by March 1, 2015. The Governor removed the implementation update report and transferred the implementation requirement in (1) to a new Sec. 213 (2). The Senate maintained the implementation update report and included a new section providing for a workgroup to reach agreement on a 60-credit block that would transfer to universities. (Secs. 210b, 210c, & 210d)

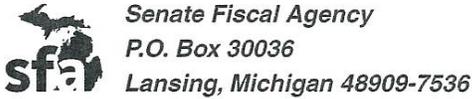
3. **Independent Part-Time Student Grants.** The Governor and Senate included new language encouraging colleges to prioritize Independent Part-Time Student grants for aid to students who have enrolled in an academic program after not being enrolled for more than a semester or term, who have previously earned credits in an academic program, and who have not yet earned a certificate or degree. The Senate added two subsections that outline Department of Treasury responsibilities regarding payment schedules and needs analysis criteria. (Sec. 215)
4. **Associate Degree Report.** Requires community colleges to report to the Workforce Development Agency (WDA) the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The Governor and Senate added a sentence stating colleges shall work with the WDA and Center for Educational Performance and Information (CEPI) to develop a systematic approach for accomplishing this task. (Sec. 226)
5. **Performance Indicators Task Force.** Delineates formula used for FY 2014-15 based on 2006 recommendations of the Performance Indicators Task Force. Sets criteria for Local Strategic Value component of the formula and requires certification of compliance by each college through a board of trustees' resolution. The Governor eliminated the Local Strategic Value portion of formula and increased weighted degrees to 32.5% of formula distribution. The Governor also added a prerequisite that colleges must actively participate in and submit timely updates to the Michigan Transfer Network in order to receive performance funding. The Senate concurred with the new prerequisite, and clarified "active participation." The Senate did not concur with eliminating the Local Strategic Value portion of the formula. (Sec. 230)
6. **Performance Metrics Review.** The Senate included a new section creating a task force to review, evaluate, discuss, and make recommendations regarding performance indicators established under the authority of Section 242 of Public Act 154 of 2005. The task force shall review whether the current metrics are the most appropriate and reliable performance indicators available and the most efficient methodology for connecting state funding to those indicators. Provides for report with recommendations. (Sec. 230a)
7. **Restored Sections.** The Senate restored the following sections that were deleted by the Governor: Anticipated appropriations for subsequent fiscal year (Sec. 201a); prohibits use of appropriations for construction or maintenance of self-liquidating projects and requires compliance with Section 238 if the Management and Budget Act and Joint Capital Outlay Subcommittee use and finance requirements -- includes penalty for noncompliance (Sec. 208); encourages community colleges to achieve efficiencies through collaborations (Sec. 212); prohibition on use of appropriations for purchase or lease of foreign automobiles (Sec. 227); and prohibition on disciplinary action against an employee for communicating with a member of the Legislature or legislative staff (Sec. 228). Legislative intent references in sections 210, 213, 222, and 229 were also restored by the Senate.
8. **Deleted Section.** The Governor and Senate deleted one-time reporting requirement for ACS advisory committee. (Sec. 217) (4)

Date Completed: 4-28-15

Fiscal Analyst: Bill Bowerman

Table 1: FY 2015-16 Community College Appropriations

College	FY 2014-15 Year-To-Date	FY 2015-16 Governor's Recommendation			FY 2015-16 Senate		
		Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change
Alpena	\$5,390,700	71,300	\$5,462,000	1.3%	73,700	\$5,464,400	1.4%
Bay de Noc	5,419,500	68,800	5,488,300	1.3%	70,700	5,490,200	1.3%
Delta	14,498,900	207,800	14,706,700	1.4%	205,100	14,704,000	1.4%
Glen Oaks	2,516,100	37,300	2,553,400	1.5%	35,000	2,551,100	1.4%
Gogebic	4,451,400	55,000	4,506,400	1.2%	58,500	4,509,900	1.3%
Grand Rapids	17,947,500	229,100	18,176,600	1.3%	239,800	18,187,300	1.3%
Henry Ford	21,623,800	252,900	21,876,700	1.2%	269,500	21,893,300	1.2%
Jackson	12,087,300	155,200	12,242,500	1.3%	158,000	12,245,300	1.3%
Kalamazoo Valley	12,503,100	191,800	12,694,900	1.5%	186,300	12,689,400	1.5%
Kellogg	9,813,500	133,800	9,947,300	1.4%	136,600	9,950,100	1.4%
Kirtland	3,167,700	56,600	3,224,300	1.8%	53,800	3,221,500	1.7%
Lake Michigan	5,342,900	71,900	5,414,800	1.3%	74,800	5,417,700	1.4%
Lansing	30,877,600	412,300	31,289,900	1.3%	410,600	31,288,200	1.3%
Macomb	32,816,600	405,800	33,222,400	1.2%	422,900	33,239,500	1.3%
Mid Michigan	4,682,000	79,500	4,761,500	1.7%	75,700	4,757,700	1.6%
Monroe	4,492,900	72,200	4,565,100	1.6%	72,700	4,565,600	1.6%
Montcalm	3,226,700	55,100	3,281,800	1.7%	53,900	3,280,600	1.7%
Mott	15,686,100	214,800	15,900,900	1.4%	215,600	15,901,700	1.4%
Muskegon	8,901,000	112,800	9,013,800	1.3%	119,700	9,020,700	1.3%
North Central	3,172,400	50,900	3,223,300	1.6%	52,400	3,224,800	1.7%
Northwestern	9,078,800	116,300	9,195,100	1.3%	121,700	9,200,500	1.3%
Oakland	21,123,300	307,500	21,430,800	1.5%	306,100	21,429,400	1.4%
St. Clair	7,061,600	93,000	7,154,600	1.3%	96,400	7,158,000	1.4%
Schoolcraft	12,513,700	202,400	12,716,100	1.6%	192,700	12,706,400	1.5%
Southwestern	6,576,400	76,600	6,653,000	1.2%	81,200	6,657,600	1.2%
Washtenaw	13,077,300	252,700	13,330,000	1.9%	223,800	13,301,100	1.7%
Wayne County	16,727,600	287,300	17,014,900	1.7%	262,200	16,989,800	1.6%
West Shore	2,414,900	30,000	2,444,900	1.2%	31,300	2,446,200	1.3%
Subtotal Operations:	\$307,191,300	\$4,300,700	\$311,492,000	1.4%	\$4,300,700	\$311,492,000	1.4%
Independent Part-Time Student Grants	\$0	\$6,000,000	\$6,000,000	---	\$6,000,000	\$6,000,000	---
MPSERS Retiree Health Care	1,733,600	0	1,733,600	0.0%	0	1,733,600	0.0%
MPSERS Reform Costs	52,300,000	17,200,000	69,500,000	32.9%	17,200,000	69,500,000	32.9%
Renaissance Zone Reimbursements	3,500,000	1,600,000	5,100,000	45.7%	1,600,000	5,100,000	45.7%
Total Appropriations:	\$364,724,900	\$29,100,700	\$393,825,600	8.0%	\$29,100,700	\$393,825,600	8.0%
State School Aid Fund	364,724,900	(108,010,100)	256,714,800	-29.6%	(93,610,100)	271,114,800	-25.7%
GF/GP	\$0	\$137,110,800	\$137,110,800	---	\$122,710,800	\$122,710,800	---



Telephone: (517) 373-2768
Fax: (517) 373-1986

Senate Bill 134 (Substitute S-1)
Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 SEN. FULL COMM.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A
GROSS	1,516,496,300	1,541,219,200	24,722,900	1.6
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,516,496,300	1,541,219,200	24,722,900	1.6
Less:				
Federal Funds.....	97,026,400	97,026,400	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,419,469,900	1,444,192,800	24,722,900	1.7
Less:				
Other State Restricted Funds.....	206,567,900	205,279,500	(1,288,400)	(0.6)
GENERAL FUND/GENERAL PURPOSE	1,212,902,000	1,238,913,300	26,011,300	2.1
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation \$1,516,496,300

Changes from FY 2014-15 Year-to-Date:

- 1. University Operations Increase.** The Governor and the Senate included a 2.0% increase for university operations funded by the State General Fund (GF/GP). In FY 2014-15, half of the funding increase was distributed across-the-board. The Governor and the Senate eliminated the across-the-board distribution for FY 2015-16. The performance-based metrics from the previous year are maintained. The allocation based on students receiving Pell Grants is changed from the absolute number of students to the percentage of students at each institution that receive Pell Grants. Prerequisites in order to receive performance funding (Sec. 265a) are continued. Tuition restraint is set at 2.8% (Sec. 265). Details of allocations by university are included in Table 1.

26,799,100
- 2. Michigan Public School Employees Retirement System (MPERS) Rate Cap.** The FY 2014-15 budget included \$2,446,200 School Aid Fund (SAF) in ongoing appropriations for MPERS reimbursements. (\$2.0 million GF/GP originally included in this appropriation was replaced by SAF in an FY 2014-15 Supplemental, 2015 PA 5.) The Governor increased ongoing appropriations from \$2,446,200 to \$5,160,000, supported entirely by the SAF. Senate concurred with Governor.

The Governor's proposal included implementing an employer's cap on contributions for MPERS unfunded accrued liability (UAL) payments (25.73% of payroll). This is similar to the cap that was implemented for K-12 and community college employers. The cap is based on FY 2011-12 UAL payments by MPERS universities. The affected universities include Central, Eastern, Ferris, Lake Superior, Michigan Tech, Northern, and Western. Payments by the State for the cap will increase from \$5.2 million in FY 2015-16 to \$10.3 million in FY 2035-36. Over that time period, the cost to the State is estimated at \$156.1 million. Amendments to the MPERS Act are necessary to implement the proposed cap.

2,713,800

FY 2015-16 HIGHER EDUCATION BUDGET

3. MSU AgBioResearch. AgBioResearch performs agricultural research to promote efficient production, marketing, distribution, and use of farm products. The Governor included a 2.0% GF/GP increase for MSU AgBioResearch, increasing funding from \$32,027,900 to 32,668,500. The Senate concurred with the Governor.	640,600
4. MSU Extension. MSU Extension Services identify and solve farm, home, and community problems through the practical application of Federal and State research findings. MSU Extension Services operates Michigan's Expanded Food and Nutrition Education Program (EFNEP), and serves as a resource for youth 4-H programs. The Governor included a 2.0% GF/GP increase for MSU Extension, increasing funding from \$27,581,100 to \$28,132,700. The Senate concurred with the Governor.	551,600
5. Midwest Higher Education Compact Dues. The 12-member states of the Compact are: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. The work of the Compact is financed through member state dues and foundation grants. Examples of Compact projects are the Midwest Student Exchange Program, the Distributed Learning Workshop, and collaborations on computing, insurance, and telecommunications issues. The Governor increased the appropriation from \$95,000 to \$115,000 GF/GP. The Senate concurred with the Governor.	20,000
6. Michigan College Access Network. The \$2.0 million GF/GP appropriation supports Michigan college access network operations, programming, and services to local college access networks. The Governor transferred the program to the K-12 budget. The Senate concurred.	(2,000,000)
7. Indian Tuition Waiver. Public Act 174 of 1976 provides for free tuition for Michigan resident North American Indians who attend Michigan public community colleges, universities, and certain Federal tribally controlled community colleges. Since the waiver appropriations were rolled into the operations funding for each university in FY 1996-97, State appropriations have not kept pace with actual costs. In FY 2014-15, universities absorbed \$4.7 million of waiver costs. The FY 2014-15 budget included \$500,000 GF/GP to offset a portion of the shortfall. The Governor transferred the \$500,000 to university operations appropriations based on the number of students receiving waivers at each institution compared to that institution's total fiscal year equated students. The Senate concurred.	
8. Eliminate FY 2014-15 One-Time Funding. The Governor and the Senate eliminated the FY 2014-15 one-time appropriation from the SAF for MPSERS reimbursements.	(4,002,200)
9. Comparison to Governor's Recommendation. The Senate is \$0 Gross and \$0 GF/GP over/under the Governor.	
Total Changes	\$24,722,900
FY 2015-16 Senate Appropriations Committee Gross Appropriation	\$1,541,219,200

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Payment Schedule.** Provides for distributions by the State Treasurer to the respective institutions in 11 equal monthly installments. Subjects payments to Section 265a (submitting HEIDI data). The Governor and The Senate added compliance with Section 244 (submitting P-20 data to CEPI) as condition for receiving monthly payments. (Sec. 241)
2. **Budget Transparency.** Posting of financial and other information on university websites. The Governor eliminated the State Budget Director's authority to determine compliance and dual enrollment reporting. The Senate maintained current-year provisions. (Sec. 245)
3. **MPSERS Reimbursement.** The Governor modified this section based on his proposal to cap the rate for UAL payments by MPSERS universities at 25.73%. Requires universities to use appropriations for MPSERS payments. The Senate concurred. (Sec. 246)
4. **State Tuition Grant Program.** The Governor changed application deadline from July 1, to March 1 beginning with 2015-2016 academic year; eliminated the carry-forward of unexpended grants; removed reporting of projected balances and changes reporting from twice a year to once a year; reduced limit on how much can be awarded to students at a single institution from \$3.2 million to \$3.0 million; and required institutions to provide P-20 Data for

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

students to receive tuition grant awards beginning with September 30, 2016. The Senate did not concur with the Governor and maintained current-year language. The Senate also clarified existing reporting requirements. (Sec. 252)

5. **Needs Analysis Criteria.** The Department of Treasury shall determine the needs analysis criteria for students to qualify for the State Competitive Scholarship Program and Tuition Grant Program. The Governor and the Senate included the Independent Part-Time Student Grant Program. (Sec. 255/Sec.215)
6. **Tuition Incentive Program.** Sets criteria and financial thresholds for the Tuition Incentive Program (TIP). TIP provides an incentive to students to complete high school and go on to college. Students in grades 6 through 12 who are Medicaid-eligible for 24 months can qualify for TIP. Certification of Medicaid eligibility can only be provided by Department of Human Services. Incarcerated individuals are not eligible for TIP. The Governor eliminated the provision that limits Phase II of TIP to credits earned at a four-year college or university. The Senate did not concur. (Sec. 256)
7. **Student Financial Aid Programs Report.** Requires that the Department of Treasury shall post to its publicly available website a report for the preceding fiscal year on all student financial aid programs for which funds are appropriated in section 236. The Governor and the Senate added programs included in Section 201. (Sec. 258)
8. **Common Application.** The Governor added a new section stating that a public university is encouraged to adopt the common application, managed by the common application, incorporated, to make postsecondary education more accessible to students in this State. The Senate did not concur with the Governor. (Sec. 260)
9. **Tuition Restraint.** The Governor set tuition restraint at 2.8%, removed university required health insurance costs from fee calculation, and included date revisions. The Senate concurred with setting tuition restraint at 2.8% and date revisions, but did not concur with revisions to fee calculations. (Sec. 265)
10. **Performance Funding Criteria.** The Governor maintained current prerequisites and in addition required "active" participation in and "timely updates submitted to" the Michigan Transfer Network. Formula changes include elimination of the across-the-board distribution from performance funding and adjusting allocations for other criteria, changing Pell portion of formula to distribution based on percentage of Pell students instead of absolute number, and eliminating intent statement to change improving scoring for Carnegie distributions to a value of one. The Senate concurred with formula adjustments but did not concur with modifications to the Michigan Transfer Network prerequisite and maintained the intent statement to change the score for improving in FY 2016-17. (Sec. 265a)
11. **Indian Tuition Waiver.** The Governor removed legislative intent statement that funds be allocated from the General Fund for unfunded North American Indian tuition waiver costs incurred by public universities. The Governor also removed distribution of FY 2014-15 funds due to rolling the appropriation into university operation appropriations. A new provision was included stating universities shall provide to the Department of Civil Rights any information necessary for preparing the report required in this section. The Senate concurred with the Governor. (Sec. 268)
12. **Transfer Credits.** Requires public universities to submit a report on the number of credits earned by incoming resident students at other postsecondary institutions that were rejected by the university for transfer along with explanatory information regarding the rationale for the rejection of the credits. The Senate removed this Section. (Sec. 272a)
13. **Restored Sections.** The Senate restored the following sections that were removed by the Governor: intent regarding appropriations for the next fiscal year (Sec. 236a); purchase of foreign automobiles prohibition (Sec. 239a); provision stating the acceptance and use of Federal or private funds does not place an obligation upon the Legislature to continue the purposes for which the funds are made available (last sentence of Sec. 242); intent regarding protection/preservation of U of M Douglas Lake Biological Station (Sec. 261); discouraged instruction activity (Sec. 271a); human embryonic stem cell research report (Sec. 274); Yellow Ribbon GI Education Enhancement Program notice/reporting requirements (portion of Sec. 275); prohibits use of funds for the construction or maintenance of a self-liquidating project, requires compliance with Section 238 of 1984 PA 431 and JCOS use and finance requirements, and includes penalty provisions (Sec. 275a); and Federal Educational Rights & Privacy Act compliance (Sec. 293). The Senate also restored legislative intent references in sections 263a and 286.
14. **Deleted Provisions.** The Governor and the Senate removed the following sections: College Access Program (Program transferred to K-12, Sec. 259); language stating intent that universities develop policies to minimize the cost of textbooks and course materials and requires report (Sec 262a); counseling degree programs/student's religious beliefs (Sec. 273); and legislative intent regarding adult co-resident health benefits (Sec. 274a).

Date Completed: 4-28-15

Fiscal Analyst: Bill Bowerman

Table 1: FY 2015-16 HIGHER EDUCATION APPROPRIATIONS - GOVERNOR/SENATE

	FY 2014-15 Year-To-Date Appropriation	Critical Skills	Research & Development	Metrics based on Carnegie Peers	Total Formula Distribution	Other Changes*	FY 2015-16 Gov. Rec. and Senate	Dollar Change From 2014-15	Percent Change
Central	\$79,115,000	294,577	25,473	2,018,089	2,338,100	\$49,800	\$81,502,900	\$2,387,900	3.0%
Eastern	71,771,100	284,771	0	1,129,392	1,414,200	11,400	73,196,700	1,425,600	2.0%
Ferris	49,087,000	480,346	0	1,007,266	1,487,600	32,100	50,606,700	1,519,700	3.1%
Grand Valley	63,136,000	497,315	0	2,026,363	2,523,700	20,500	65,680,200	2,544,200	4.0%
Lake Superior	12,782,500	70,351	0	179,450	249,800	215,000	13,247,300	464,800	3.6%
Michigan State	264,429,100	1,044,335	738,626	3,369,621	5,152,600	8,800	269,590,500	5,161,400	2.0%
Michigan Tech	45,923,100	340,557	120,687	508,752	970,000	14,900	46,908,000	984,900	2.1%
Northern	44,277,200	199,998	0	716,125	916,100	61,100	45,254,400	977,200	2.2%
Oakland	48,364,100	418,792	23,133	1,207,172	1,649,100	7,800	50,021,000	1,656,900	3.4%
Saginaw Valley	27,610,200	164,209	0	334,618	498,800	11,400	28,120,400	510,200	1.8%
UM-Ann Arbor	295,174,100	1,119,470	1,676,268	2,900,654	5,696,400	4,400	300,874,900	5,700,800	1.9%
UM-Dearborn	23,689,300	155,364	0	239,349	394,700	11,700	24,095,700	406,400	1.7%
UM-Flint	21,337,700	194,206	0	347,855	542,100	21,900	21,901,700	564,000	2.6%
Wayne State	190,519,800	281,117	349,675	462,555	1,093,300	10,100	191,623,200	1,103,400	0.6%
Western	102,742,000	409,947	43,815	1,418,805	1,872,600	19,100	104,633,700	1,891,700	1.8%
Subtotal University Operations:	\$1,339,958,200	\$5,955,355	\$2,977,677	\$17,866,066	\$26,799,100	\$500,000	\$1,367,257,300	\$27,299,100	2.0%
MPSERS Reimbursement	2,446,200					2,713,800	5,160,000	2,713,800	110.9%
MPSERS Reimbursement (FY15 one-time)	4,002,200					(4,002,200)	0	(4,002,200)	-100.0%
MSU AgBioResearch	32,027,900					640,600	32,668,500	640,600	2.0%
MSU Extension	27,581,100					551,600	28,132,700	551,600	2.0%
Higher Education Database	200,000					0	200,000	0	0.0%
Midwest Higher Ed Compact	95,000					20,000	115,000	20,000	21.1%
King-Chavez-Parks	2,691,500					0	2,691,500	0	0.0%
College Access Program	2,000,000					(2,000,000)	0	(2,000,000)	-100.0%
Total Universities	\$1,411,002,100	\$5,955,355	\$2,977,677	\$17,866,066	\$26,799,100	(\$1,576,200)	\$1,436,225,000	\$25,222,900	1.8%
School Aid Fund	\$206,467,900	0	0	0	0	(\$1,288,400)	205,179,500	(\$1,288,400)	-0.6%
State GF/GP	\$1,204,534,200	\$5,955,355	\$2,977,677	\$17,866,066	\$26,799,100	(\$287,800)	\$1,231,045,500	\$26,511,300	2.2%
Grants and Financial Aid									
State Competitive Scholarships	\$18,361,700					\$0	\$18,361,700	\$0	0.0%
Tuition Grants	33,532,500					0	33,532,500	0	0.0%
Tuition Incentive Program (TIP)	48,500,000					0	48,500,000	0	0.0%
Children of Veterans & Officer's Tuition	1,400,000					0	1,400,000	0	0.0%
Project Gear-Up	3,200,000					0	3,200,000	0	0.0%
North American Indian Tuition Waiver	500,000					(500,000)	0	(500,000)	-100.0%
Total Grants/Financial Aid	\$105,494,200					(500,000)	\$104,994,200	(\$500,000)	-0.5%
Federal Higher Ed Act	3,200,000					0	3,200,000	0	0.0%
Federal TANF	93,826,400					0	93,826,400	0	0.0%
Veterans Tax Check-off	100,000					0	100,000	0	0.0%
State GF/GP	\$8,367,800					(\$500,000)	\$7,867,800	(\$500,000)	-6.0%
TOTAL HIGHER EDUCATION									
TOTAL ALL FUNDS	\$1,516,496,300	\$5,955,355	\$2,977,677	\$17,866,066	\$26,799,100	(\$2,076,200)	\$1,541,219,200	\$24,722,900	1.6%
TOTAL FEDERAL	97,026,400	0	0	0	0	0	97,026,400	0	0.0%
TOTAL STATE RESTRICTED	206,567,900	0	0	0	0	(1,288,400)	205,279,500	(1,288,400)	-0.6%
TOTAL STATE GF/GP	\$1,212,902,000	\$5,955,355	\$2,977,677	\$17,866,066	\$26,799,100	(\$787,800)	\$1,238,913,300	\$26,011,300	2.1%

*Other Changes Column: MPSERS adjustments, MSU AgBioResearch and MSU Extension increase, Midwest Higher Education Compact dues increase, transfer Michigan College Access Program to K-12 budget, and roll Indian Tuition Waiver funding into university operation appropriations.