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Senate Bill 913: FY 2018-19 Education Omnibus Appropriation Bill

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Date Completed: 3-21-18





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Senate Bill 863 (as introduced) Committee: Appropriations

			CHANGES FROM FY 2017-18 YEAR-TO-DATE			
FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 GOV.'S REC.	AMOUNT	PERCENT		
FTE Positions	N/A	N/A	N/A	N/A		
GROSS	14,584,313,900	14,635,968,800	51,654,900	0.4		
Less:						
Interdepartmental Grants Received	0	0	0	0.0		
ADJUSTED GROSS	14,584,313,900 14,635,968,800		51,654,900	0.4		
Less:						
Federal Funds	1,726,943,500	1,724,743,500	(2,200,000)	(0.1)		
Local and Private	0	0	0	0.0		
TOTAL STATE SPENDING	12,857,370,400	12,911,225,300	53,854,900	0.4		
Less:						
Other State Restricted Funds	12,642,370,400 12,866,225,30		223,854,900	1.8		
GENERAL FUND/GENERAL PURPOSE	215,000,000	45,000,000	(170,000,000)	(79.1)		
PAYMENTS TO LOCALS	12,679,972,800	12,733,596,100	53,623,300	0.4		

^{*}As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	FY 2017-18 Year-to-Date Gross Appropriation								
Changes from FY 2017-18 Year-to-Date:									
 Foundation Allowance. The Governor increased the foundation allowance using the "2x" formula, from \$120-\$240 per pupil, bringing the minimum to \$7,871 and basic to \$8,409. 	312,000,000								
 MPSERS Rate Cap. The Governor increased funding required to be paid by the State due to the statutory cap on payments made by local employers for legacy costs in the Michigan Public School Employees Retirement System (MPSERS). 	71,916,000								
MPSERS Hold Harmless. The Governor increased funding to hold districts harmless from increased normal costs due to the lowering of the assumed rate of return on assets.	39,170,000								
4. Special Education. The Governor increased funding to reflect recent cost estimates.	23,100,000								
Cash Flow Borrowing Costs. The Governor increased funding by \$17.5 million to reimburse the General Fund for the School Aid Fund's cash flow borrowing costs.	17,500,000								
 MPSERS Increased Costs under P.A. 92 of 2017. Legislation enacted under Public Act 92 of 2017 increased costs required to be paid by the School Aid Fund. The Governor increased this line item's funding by \$14.5 million. 	14,500,000								
 Special Education - Early On. The Governor recommended \$5.0 million for a new program recommended by the Special Education Task Force for Early On services. 	5,000,000								
 Career and Technical Education (CTE) Incentive. The Governor recommended \$5.0 million in new funding to incentivize districts to enroll students in CTE programs. 	5,000,000								
 Partnership Model. The Governor recommended a \$2.0 million increase (for a total of \$8.0 million) for the partnership model with MDE and academically-struggling districts. 	2,000,000								

11. School Lunch. The Governor increased school lunch funding by \$648,900. 12. Special Education - Parental Support and Mediation. The Governor recommended \$500,000 GF(GP) for a new program recommended by the Special Education Task Force for mediation and parental support services. 13. MPSERS One-Time Additional Payment toward Unfunded Liabilities. The Governor removed the \$200.0 million one-time additional payment toward unfunded liabilities. 14. Technical Foundation Allowance Cost Adjustments. The Governor included technical adjustments to the foundation allowance due to pupils and taxable values. 15. Reduction in Shared-Time Funding. The Governor capped the number of shared-time FTEs that may be claimed by a district, resulting in estimated State savings of \$67,900,000. 16. Reduction in Cyber School Foundation Allowance. The Governor reduced the foundation allowance for cyber schools by 25%, saving the State \$25,000,000. 17. Elimination of Numerous Programs. The Governor eliminated the following programs, totaling \$23,429,000: computer adaptive tests (\$4.0 million), reimbursement for nonpublic mandates (\$2.5 million GF/GP), Michigan Education Corps (\$2.5 million GF/GP), value-added growth and projection analytics (\$2.5 million GF/GP), value-added growth and projection analytics (\$2.5 million GF/GP), Michigan Education Corps (\$2.5 million GF/GP), value-added growth and projection analytics (\$2.5 million GF/GP), Misright Future (\$1.0 million GF/GP), imagine Learning (\$1.0 million GF/GP), Misright Future (\$1.0 million GF/GP), Misright Future (\$1.0 million GF/GP), Misright Future (\$1.0 million GF/GP), Misright States (\$4.0 million GF	10. Promise Zones. The Governor increased promise zone reimbursements by \$1.5 million.	1,500,000
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	Total Changes	\$51,654,900
		\$14,635,968,800

Boilerplate Changes from FY 2017-18 Year-to-Date:

- 1. **Hardship Repayments.** The Governor reduced from nine to four the number of years a district may repay an adjustment, when that repayment is determined to cause a hardship, and removed language allowing for the Department to waive all or a portion of a repayment under certain conditions. (Sec. 15)
- 2. **Cyber School Reporting.** The Governor included cyber schools in the mandated report provided by districts on the costs to provide virtual learning. (Sec. 18)
- 3. **Data Hub Network.** The Governor removed a hard deadline of September 30, 2018 for districts to adopt the Michigan data hub network. Instead, language was included to promote the adoption of the network. (Sec. 22m)
- 4. At Risk. The Governor made a number of changes in this section, including: changing K-3 to K-12 for compliance with Section 1280f of the School Code; adding numeracy for the allowable use of resources; requiring multi-tiered systems of supports for at least grades K-8 (current law is grades 4-8); implementing culturally and linguistically responsive teaching strategies for English language learners; amending MTSS components; increase from 3% to 5% the amount of funding that may be used for certain professional development; and replacing the current formula that would otherwise take effect in FY 2018-19 for districts meeting certain academic benchmarks with a requirement that a district whose At Risk population performed lower than the statewide average would be required to either attain the statewide average or an improvement of at least 10 percentage points by FY 2020-21. If the district failed to meet either of those benchmarks by that date, then the district would be subject to the partnership model. (Sec. 31a)
- 5. **Early Literacy.** The Governor included language requiring the State Superintendent to designate as critical shortage any employees hired or contracted for under the funds provided in Section 35a. (Sec. 35a)
- 6. FIRST Robotics. The Governor included intermediate districts as eligible grantees for Robotics. (Sec. 99h)
- 7. **STEM Participation Report.** The Governor removed a report that would provide the number of male and female participants in MiSTEM centers, and the steps centers take to reduce disparity in participation. (Sec. 99s)
- 8. **Assessment Changes.** The Governor changed the grades for the summative science test to be taken from 4 and 7 to 5 and 8, and added language requiring the Department to provide guidance to districts on optionally adopting and implementing department-approved benchmark assessments, and to recommend that districts commit to using the same benchmark assessment for not less than three years before changing to another test. (Sec. 104c)
- 9. **School Start before Labor Day.** The Governor removed the requirement that the public hearing held before a school seeks a waiver to start school before Labor Day be a joint meeting with the Department. (Sec. 160)
- 10. **Noncertificated Educators.** The Governor proposed several changes to guidelines for when a "noncertificated educator" may or may not provide instruction or counseling services in a district. (Sec. 163)
- 11. **Legal Action against the State.** The Governor proposed to repeal the section providing for a penalty in an amount equal to the amount spent if a district or ISD uses State funding to pay for an expense related to a legal action initiated by the district or ISD against the State. (Sec. 164g)
- 12. **Collective Bargaining Agreement Penalty.** The Governor proposed to repeal a section penalizing a district or ISD 5% of its State aid if it enters into certain bargaining agreements outlined in the section. (Sec. 164h)
- 13. **Shared Time.** The Governor proposed to remove the payment for nonpublic kindergarten students enrolled in shared time programs at a public school. In addition, the Governor added language clarifying that State aid would be provided only for nonessential elective courses, and that a curricular offering may include an optional experience. However, to be provided State aid, that course and optional experience must be available to full-time pupils in the minor's grade level or age group, subject to the same requirements that apply to a full-time pupil's participation. (Sec. 166b)

Date Completed: 2-13-18 Fiscal Analyst: Kathryn Summers

FY 2017-18 Year-to-Date and Revised Appropriations and Governor's Rec for FY 2018-19 (Dollars in Thousands)

Line Item Description	Revised PA 143 11/02/2017	FY 18 Gov's Rec Supplemental	FY 19 Gov's Rec 02/07/2018	FY 19 Change from Current Law
Sec. 11j School Bond Loan Fund Payments - Debt Service	\$125,500.0	\$125,500.0	\$125,500.0	\$0.0
Sec. 11m Cash Flow Borrowing Costs	\$6,500.0	\$18,000.0	\$24,000.0	\$17,500.0
Sec. 11o/s Flint Declaration of Emergency	\$8,730.1	\$8,730.1	\$3,230.1	(\$5,500.0)
Sec. 20f Categorical Offset Payments	\$18,000.0	\$18,000.0	\$18,000.0	\$0.0
Sec. 21h Partnership Model Districts	\$6,000.0	\$6,000.0	\$8,000.0	\$2,000.0
Sec. 21j District Grants for Competency-Based Education	\$500.0	\$500.0	\$0.0	(\$500.0)
Sec 22a Proposal A Obligation Payment	\$5,181,800.0	\$5,176,000.0	\$5,048,000.0	(\$133,800.0)
Sec. 22b Discretionary Payment - State	\$4,037,500.0	\$4,019,000.0	\$4,228,600.0	\$191,100.0
Sec. 22d Isolated Districts Funding	\$5,000.0	\$5,000.0	\$5,000.0	\$0.0
Sec. 22m Technology Regional Data Hubs	\$2,200.0	\$2,200.0	\$2,200.0	\$0.0
	\$11,000.0			·
Sec. 22n High School Per-Pupil Bonus		\$11,000.0	\$11,000.0	\$0.0
Sec. 23f Shared-Time Pupils	\$0.0	\$0.0	\$64,100.0	\$64,100.0
Sec. 24 Court-Placed Pupils Sec. 24a Juvenile Detention Facilities	\$8,000.0	\$8,000.0	\$8,000.0	\$0.0
	\$1,339.0	\$1,339.0	\$1,355.7	\$16.7
Sec. 24c Challenge Program	\$1,528.4	\$1,528.4	\$1,545.4	\$17.0
Sec. 25f Strict Discipline Academies	\$750.0	\$750.0	\$750.0	\$0.0
Sec. 25g Dropout Recovery Sec. 26a Renaissance Zone Costs	\$750.0	\$750.0	\$750.0	\$0.0
	\$17,000.0	\$15,000.0	\$15,000.0	(\$2,000.0)
Sec. 26b PILT Reimbursement	\$4,405.1	\$4,405.1	\$4,405.1	\$0.0 \$1,500.0
Sec. 26c Promise Zone	\$1,500.0	\$1,600.0	\$3,000.0	
Sec. 31a "At Risk" Pupil Support Sec. 31a Child and Adolescent Health Centers	\$499,000.0	\$499,000.0	\$499,000.0	\$0.0
	\$6,057.3	\$6,057.3	\$6,057.3	\$0.0
Sec. 31a Vision/Hearing Screening	\$5,150.0	\$5,150.0	\$5,150.0	\$0.0
Sec. 31b Year-Round Schools Grants	\$1,500.0	\$1,500.0	\$0.0	(\$1,500.0)
Sec. 31d School Lunch Programs - State Share	\$22,495.1	\$22,802.0	\$23,144.0	\$648.9
Sec. 31d School Lunch Programs - Federal Share	\$523,200.0	\$523,200.0	\$523,200.0	\$0.0
Sec. 31f School Breakfast	\$4,500.0	\$4,500.0	\$4,500.0	\$0.0
Sec. 31j Support of Local Produce in School Meals	\$375.0	\$375.0	\$0.0	(\$375.0)
Sec. 32d Great Start - School Readiness	\$243,900.0	\$243,900.0	\$243,900.0	\$0.0
Sec. 32p Great Start Early Childhood Block Grants	\$13,400.0	\$13,400.0	\$13,400.0	\$0.0
Sec. 32q Early learning Cooperative	\$175.0	\$175.0	\$0.0	(\$175.0)
Sec. 35 MDE Administration of Early Reading Initiatives	\$1,000.0	\$1,000.0	\$0.0	(\$1,000.0)
Sec. 35a(4) Investment in Literacy Coaches for K-3 Teachers	\$6,000.0	\$6,000.0	\$6,000.0	\$0.0
Sec. 35a(5) Early Literacy District Grants	\$20,900.0	\$20,900.0	\$20,900.0	\$0.0
Sec. 35a(6) Michigan Education Corps	\$2,500.0	\$2,500.0	\$0.0	(\$2,500.0)
Sec. 39a(1) NCLB Federal DOE Grants	\$731,600.0	\$731,600.0	\$730,600.0	(\$1,000.0)
Sec 39a(2) Other Non-NCLB Federal DOE Grants	\$30,000.0	\$30,000.0	\$30,000.0	\$0.0
Sec. 41 Bilingual Education	\$6,000.0	\$6,000.0	\$6,000.0	\$0.0
Sec. 51a Special Education - Federal IDEA	\$370,000.0	\$370,000.0	\$370,000.0	\$0.0
Sec. 51a(2) Spec. Ed. Foundations - State Share	\$264,200.0	\$266,400.0	\$272,100.0	\$7,900.0
Sec. 51a(3) Spec. Ed. Hold Harmless to ISDs - State Share	\$1,000.0	\$1,000.0	\$1,100.0	\$100.0
Sec. 51a(6) Spec. Ed. Rules Change - State Share	\$2,200.0	\$2,200.0	\$2,200.0	\$0.0
Sec. 51a(11) Spec. Ed. Non Sec. 52 to ISDs - State Share	\$3,600.0	\$3,300.0	\$3,400.0	(\$200.0)
Sec. 51a(16) Spec. Ed. ISD Compliance Reimbursement - State Share	\$500.0	\$500.0	\$500.0	\$0.0
Sec. 51c Special Education Headlee - State Share	\$635,300.0	\$636,600.0	\$650,600.0	\$15,300.0
Sec. 51d Special Education - Other Federal	\$61,000.0	\$61,000.0	\$61,000.0	\$0.0
Sec. 53a Court-Placed Spec. Ed. FTEs - State Share	\$10,500.0	\$10,500.0	\$10,500.0	\$0.0
Sec. 54 MI School for Deaf and Blind - State Share	\$1,688.0	\$1,688.0	\$1,688.0	\$0.0
Sec. 54b Integrated Behavior and Learning Support (MiBLSi)	\$1,600.0	\$1,600.0	\$1,600.0	\$0.0
Sec. 54c Special Ed Taskforce - Mediation and Parental Supports - NEW	\$0.0	\$0.0	\$500.0	\$500.0
Sec. 54d Special Ed Taskforce - Early On - NEW	\$0.0	\$0.0	\$5,000.0	\$5,000.0
Sec. 55 Conductive Learning Center Study	\$150.0	\$150.0	\$0.0	(\$150.0)
Sec. 56 Spec. Ed. Millage Equalization - State Share	\$37,758.1	\$37,758.1	\$37,758.1	\$0.0
Sec. 61a Vocational Education	\$37,850.3	\$37,850.3	\$36,611.3	(\$1,239.0)
Sec. 61b Career and Technical Education/Dual Enrollment	\$8,000.0	\$8,000.0	\$8,000.0	\$0.0
Sec. 61c Career and Technical Education Equipment Upgrades	\$12,500.0	\$12,500.0	\$0.0	(\$12,500.0)
Sec. 61d CTE Incentive Payments - NEW	\$0.0	\$0.0	\$5,000.0	\$5,000.0

FY 2017-18 Year-to-Date and Revised Appropriations and Governor's Rec for FY 2018-19 (Dollars in Thousands)

1 1 2017-10 Teat-to-Date and Nevised Appropriations and		FY 18 Gov's Rec	FY 19 Gov's Rec	
Line Item Description	11/02/2017	Supplemental		from Current Law
Sec. 62 ISD Vocational Ed Millage Equalization	\$9,190.0	\$9,190.0	\$9,190.0	\$0.0
Sec. 64b Dual Enrollment Incentive Payments	\$1,750.0	\$1,750.0	\$1,750.0	\$0.0
Sec. 64d Information Technology Certifications	\$2,300.0	\$2,300.0	\$0.0	(\$2,300.0)
Sec. 65 Detroit Precollege Engineering	\$340.0	\$340.0	\$0.0	(\$340.0)
Sec. 67 College and Career Readiness Tools	\$3,000.0	\$3,000.0	\$3,000.0	\$0.0
Sec. 67a Career Preparation and Readiness Platform	\$1,000.0	\$1,000.0	\$0.0	(\$1,000.0)
Sec. 74 Bus Driver Safety Instruction	\$2,025.0	\$2,025.0	\$2,025.0	\$0.0
Sec. 74 School Bus Inspections	\$1,705.3	\$1,705.3	\$1,729.9	\$24.6
Sec. 81 ISD General Operations Support	\$67,108.0	\$67,108.0	\$67,108.0	\$0.0
Sec. 94 Advanced Placement (AP) Incentive Program	\$750.0	\$750.0	\$750.0	\$0.0
Sec. 94a Center for Educ. Perf. and Information - State Share	\$16,216.0	\$16,216.0	\$16,356.7	\$140.7
Sec. 94a Center for Educ. Perf. and Information - Federal	\$193.5	\$193.5	\$193.5	\$0.0
Sec. 95b Value-Added Growth and Projection Analytics System	\$2,500.0	\$2,500.0	\$0.0	(\$2,500.0)
Sec. 98 Michigan Virtual High School - State	\$7,387.5	\$7,387.5	\$7,387.5	\$0.0
Sec. 99h FIRST Robotics	\$2,800.0	\$2,800.0	\$2,500.0	(\$300.0
Sec. 99k Cybersecurity Competitions	\$500.0	\$500.0	\$0.0	(\$500.0
Sec. 99r STEM Executive Director	\$250.0	\$250.0	\$400.0	\$150.0
Sec. 99s(2) Comprehensive STEM Initiative (Administration)	\$50.0	\$50.0	\$100.0	\$50.0
Sec. 99s(3) Comprehensive STEM Grants	\$2,850.0	\$2,850.0	\$2,850.0	\$0.0
Sec. 99s(4) Math/Science Centers - State	\$3,299.3	\$3,299.3	\$0.0	(\$3,299.3)
Sec. 99s(4) Math/Science Centers - Federal	\$4,700.0	\$4,700.0	\$3,500.0	(\$1,200.0)
Sec. 99s(5) ISD Reimbursement for Transition Costs	\$85.0	\$85.0	\$0.0	(\$85.0)
Sec. 99s(6) Transition to MiSTEM Network Regions	\$1,400.0	\$1,400.0	\$4,584.3	\$3,184.3
Sec. 99s(13) Van Andel Education Institute	\$150.0	\$150.0	\$0.0	(\$150.0)
Sec. 99t Online Algebra Tool	\$1,100.0	\$1,100.0	\$0.0	(\$1,100.0)
Sec. 99u Online Mathematics Program	\$1,000.0	\$1,000.0	\$0.0	(\$1,000.0)
Sec. 102d Reimbursement for Purchase of Financial Data Analysis Tool(s)	\$1,500.0	\$1,500.0	\$0.0	(\$1,500.0)
Sec. 104 MEAP Testing - State Share	\$34,709.4	\$34,709.4	\$31,009.4	(\$3,700.0
Sec. 104 MEAP Testing - Federal Share	\$6,250.0	\$6,250.0	\$6,250.0	\$0.0
Sec. 104d Computer Adaptive Test	\$4,000.0	\$4,000.0	\$0.0	(\$4,000.0)
Sec. 104e Digital Assessment Preparation	\$250.0	\$250.0	\$0.0	(\$250.0
Sec. 107 Adult Education - State	\$27,000.0	\$27,000.0	\$27,000.0	\$0.0
Sec. 147a(1) MPSERS District Reimbursement	\$100,000.0	\$100,000.0	\$100,000.0	\$0.0
Sec. 147a(2) MPSERS Normal Cost Reimbursement for Lower AROR	\$48,969.0	\$48,969.0	\$88,139.0	\$39,170.0
Sec. 147c(1) MPSERS Rate Cap (Section 41 of MPSERS Act)	\$960,784.0	\$960,784.0	\$1,032,700.0	\$71,916.0
Sec. 147c(2) MPSERS Additional UAAL Payment	\$200,000.0	\$200,000.0	\$0.0	(\$200,000.0
Sec. 147e MPSERS Additional Normal/DC Costs for PA 92 of 2017	\$23,100.0	\$23,100.0	\$37,600.0	\$14,500.0
Sec. 152a Adair v State of Michigan	\$38,000.5	\$38,000.5	\$38,000.5	\$0.0
Sec. 152b Reimbursement for Nonpublic Mandates	\$2,500.0	\$2,500.0	\$0.0	(\$2,500.0
TOTAL SCHOOL AID APPROPRIATIONS	\$14,584,313.9	\$14,573,120.8	\$14,635,968.8	\$51,654.9
TOTAL REVENUE				
Federal Aid	\$1,726,943.5	\$1,726,943.5	\$1,724,743.5	(\$2,200.0
School Aid Fund (SAF)	\$12,547,270.3	\$12,673,077.2	\$12,762,325.2	\$215,054.9
MPSERS Reforms Fund	\$23,100.0	\$23,100.0	\$31,900.0	\$8,800.0
General Fund/General Purpose	\$215,000.0	\$78,000.0	\$45,000.0	(\$170,000.0
Community District Education Trust Fund (\$72.0 m)/Other (\$100 Flint Reserve)	\$72,000.1	<u>\$72,000.1</u>	<u>\$72,000.1</u>	\$0.0
TOTAL REVENUE	\$14,584,313.9	\$14,573,120.8	\$14,635,968.8	\$51,654.9





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Senate Bill 851 (as introduced) Committee: Appropriations

			CHANGES FROM FY 2017-18 YEAR-TO-DATE		
FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 GOV.'S REC.	AMOUNT	PERCENT	
FTE Positions	N/A	N/A	N/A	N/A	
GROSS	399,326,500	405,015,500	5,689,000	1.4	
Less:					
Interdepartmental Grants Received	0	0	0	0.0	
ADJUSTED GROSS	399,326,500	405,015,500	5,689,000	1.4	
Less:					
Federal Funds	0	0	0	0.0	
Local and Private	0	0	0	0.0	
TOTAL STATE SPENDING	399,326,500	405,015,500	5,689,000	1.4	
Less:					
Other State Restricted Funds	398,301,500	405,015,500	6,714,000	1.7	
GENERAL FUND/GENERAL PURPOSE	1,025,000	0	(1,025,000)	(100.0)	
PAYMENTS TO LOCALS	399,326,500	405,015,500	5,689,000	1.4	

^{*}As of February 7, 2018.

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FY 2017-18 Year-to-Date Gross Appropriation	\$399,326,500
Changes from FY 2017-18 Year-to-Date:	
1. College Operations. The Governor did not include a funding increase for community college operations, due to additional funding that colleges received from changes to the personal property tax law. The Governor is recommending that funds received based on calculated reimbursement of personal property tax revenue lost be changed so that there is a more equitable distribution of funding. No specific proposal on redistribution has been made as of this date. See attached <u>Table 1</u> for details on community college budget.	0
2. Michigan Public School Employees' Retirement System (MPSERS). Adjustments include an increase of \$7,662,000 School Aid Fund (SAF) related to decreasing the assumed rate of return for the Unfunded Actuarial Accrued Liability (UAAL); a one-time increase of \$2,819,000 SAF due to decreasing the assumed rate of return for the normal cost hold harmless; and a decrease of \$3,167,000 SAF for the State's rate cap obligation.	7,314,000
 Renaissance Zone Reimbursements. The appropriation is reduced from \$3.1 million to \$2.5 million based on projected payments and the impact of personal property tax reforms. 	(600,000)

4. Michigan Transfer Network Enhancements. The Governor eliminated the FY 2017-18 one-(1,025,000)time \$1,025,000 GF/GP for improvements to the Michigan Transfer Network (MTN). The MTN website helps students, advisers, and the general public, find transfer course equivalencies between Michigan colleges and universities. The enhancement funding provided for a new Michigan Transfer Network website, including a new course equivalency database, information about the Michigan Transfer Agreement, and associate to bachelor's degree transfer pathways that allow a student to maximize coursework at community colleges and universities. Total Changes \$5,689,000 \$405,015,500

FY 2018-19 Governor's Recommendation

Boilerplate Changes from FY 2017-18 Year-to-Date:

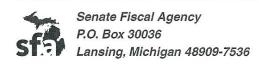
- 1. Michigan Transfer Network Website Enhancements. The Governor removed FY 2017-18 one-time funding language providing criteria for the \$1,025,000 appropriation for enhancements to the website to improve the transfer of college credit among Michigan's postsecondary institutions. (Sec. 201 (7))
- 2. Payment Distribution Schedule. Provides for payment schedule. If the State Budget Director determines that a community college failed to submit Activities Classification Structure (ACS) data to the Center Educational Performance and Information (CEPI) by November 1, or failed to submit its longitudinal data system data set, the State Treasurer shall withhold the monthly installments from that community college until those data are submitted. The State Budget Director is required to notify the community college subcommittee chairs at least 10 days before withholding funds from any community college. The Governor changed the reference from "Activities Classification Structure" (ACS) to the Community College Verified Data Inventory, removed prior notice to the Legislature requirement regarding withholding funds, and updated date references. (Sec. 206)
- 3. Transparency. Requires community colleges to make available through links on website homepages annual operating budgets, 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, board of trustees resolution regarding compliance with best practices, and opportunities for earning college credit through dual enrollment. Provides that the State Budget Director determines compliance and authorizes withholding of State aid payments for noncompliance, contingent on ten days prior notice to the community college subcommittees. The Governor removed the State Budget Director's authority to determine compliance and withhold funds for failure to comply with transparency site requirements. The Governor also changed the reference from the "Activities Classification Structure" (ACS) to the new "Michigan Community College Data Inventory." (Sec. 209)
- 4. Academic Program Partnerships. The Governor added language requiring the Michigan Community College Association, the Michigan Association of State Universities, and the Michigan Independent Colleges and Universities, on behalf of their member colleges and universities, to submit a comprehensive report detailing the number of academic program partnerships between public community colleges, public universities, and private colleges and universities. This language was first included with the FY 2016-17 appropriation. It was removed in the FY 2017-18 budget. The Governor is recommending that it be restored for FY 2018-19. (Sec. 210e)
- 5. ACS Database. Requires the Center for Educational Performance and Information (CEPI) to establish, maintain, and coordinate the State community college database. The Governor changed references from ACS to "Michigan Community College Data Inventory (MCCDI), eliminated last sentence from (3)(g) regarding appointments from groupings of colleges designated in the ACS (now MCCDI). (Sec. 217)
- 6. Tuition and Mandatory Fees Report. Each community college shall report to the center by August 31 of each year the tuition and mandatory fees paid by a full-time in-district student and a full-time out-of-district student as established by the college governing board for the current academic year. This report should also include the annual cost of attendance based on a full-time course load of 30 credits. Each community college shall also report any revisions to the reported current academic year tuition and mandatory fees adopted by the college governing board to the center within 15 days of being adopted. The center shall provide this information and any revisions to the house and senate fiscal agencies and the state budget director. The Governor eliminated: "This report should also include the annual cost of attendance based on a full-time course load of 30 credits." (Sec. 225)

- 7. Associate Degree Report. Each community college shall report to the center the numbers and type of associate degrees and other certificates awarded by the community college during the previous fiscal year. The report shall be made not later than November 15 of each year. Community colleges shall work with the center to develop a systematic approach for meeting this requirement using the P-20 longitudinal data system. The Governor modified this language by requiring colleges to report to CEPI by October 15 of each year, and adjusting language to reflect the current status of the development of the approach to submit data, using the P-20 Longitudinal Data System. (Sec. 226)
- 8. Repealed Provisions. The Governor deleted: 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 cost containment measures and collaborations (Sec. 212); prohibits 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)

Date Completed: 2-12-18 Fiscal Analyst: Bill Bowerman

Table 1: FY 2018-19 COMMUNITY COLLEGE APPROPRIATIONS: GOVERNOR'S RECOMMENDATION

		FY 2018-19 Governor's Recommendation				
	FY 2017-18			Percent		
College	Year-To-Date	Adjustments	Appropriation	Change		
Alaman	05 007 500		#F 007 F00	0.00/		
Alpena	\$5,627,500	\$0	\$5,627,500	0.0%		
Bay de Noc	5,589,000	0	5,589,000	0.0%		
Delta	14,990,700	0	14,990,700	0.0%		
Glen Oaks	2,601,400	0	2,601,400	0.0%		
Gogebic	4,715,400	0	4,715,400	0.0%		
Grand Rapids	18,556,800	0	18,556,800	0.0%		
Henry Ford	22,299,200	0	22,299,200	0.0%		
Jackson	12,590,100	0	12,590,100	0.0%		
Kalamazoo Valley	12,948,700	0	12,948,700	0.0%		
Kellogg	10,143,600	0	10,143,600	0.0%		
Kirtland	3,289,400	0	3,289,400	0.0%		
Lake Michigan	5,523,600	0	5,523,600	0.0%		
Lansing	32,324,200	0	32,324,200	0.0%		
Macomb	33,863,600	0	33,863,600	0.0%		
Mid Michigan	4,968,900	0	4,968,900	0.0%		
Monroe	4,665,500	0	4,665,500	0.0%		
Montcalm	3,446,300	0	3,446,300	0.0%		
Mott	16,258,100	0	16,258,100	0.0%		
Muskegon	9,203,000	0	9,203,000	0.0%		
North Central	3,353,200	0	3,353,200	0.0%		
Northwestern	9,508,900	0	9,508,900	0.0%		
Oakland	21,905,700	0	21,905,700	0.0%		
Schoolcraft	12,991,300	0	12,991,300	0.0%		
Southwestern	6,860,700	0	6,860,700	0.0%		
St. Clair	7,300,100	0	7,300,100	0.0%		
Washtenaw	13,631,400	0	13,631,400	0.0%		
Wayne County	17,338,300	0	17,338,300	0.0%		
West Shore	2,556,300	0	2,556,300	0.0%		
				2 22/		
Subtotal Operations:	\$319,050,900	\$0	\$319,050,900	0.0%		
MPSERS Retiree Health Care	1,733,600	0	1,733,600	0.0%		
MPSERS Reform Costs	70,805,000	4,495,000	75,300,000	6.3%		
Renaissance Zone Reimbursements	3,100,000	(600,000)	2,500,000	(19.4%)		
MI Transfer Network Enhancements (one-time)	1,025,000	(1,025,000)	6 434 000	(100.0%)		
MPSERS Normal Cost Offset (one-time)	3,612,000	2,819,000	6,431,000	78.0%		
Total Appropriations:	\$399,326,500	\$5,689,000	\$405,015,500	1.4%		
State School Aid Fund	398,301,500	6,714,000	405,015,500	1.7%		
GF/GP	\$1,025,000	(\$1,025,000)	\$0	(100.0%)		





ANALYSIS

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Senate Bill 857 (as introduced) Committee: Appropriations

			CHANGES FROM FY 2017-18 YEAR-TO-DATE		
FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 GOV.'S REC.	AMOUNT	PERCENT	
FTE Positions	N/A	N/A	N/A	N/A	
GROSS	1,629,224,400	1,658,932,600	29,708,200	1.8	
Less:					
Interdepartmental Grants Received	0	0	0	0.0	
ADJUSTED GROSS	1,629,224,400	1,658,932,600	29,708,200	1.8	
Less:					
Federal Funds	111,526,400	113,026,400	1,500,000	1.3	
Local and Private	0	0	0	0.0	
TOTAL STATE SPENDING	1,517,698,000	1,545,906,200	28,208,200	1.9	
Less:					
Other State Restricted Funds	238,443,500	385,688,300	147,244,800	61.8	
GENERAL FUND/GENERAL PURPOSE	1,279,254,500	1,160,217,900	(119,036,600)	(9.3)	
PAYMENTS TO LOCALS	0	0	0	0.0	

^{*}As of February 7, 2018.

Changes from FY 2017-18 Year-to-Date:

- 1. University Operations. The Governor included an overall \$28.6 million School Aid Fund (SAF) (2.0%) increase for university operations. The formula continues performance metrics used in recent years, with a minor modification regarding increased weighting for associate degrees and certificates for the critical skills metric. Half of the funding increase is allocated proportional to FY 2010-11 (across-the-board). Prerequisites for receiving performance funding are continued. Tuition restraint is set at the greater of 3.8% or \$490 (FY 2017-18 tuition restraint was the greater of 3.8% or \$475). Table 1 provides details of formula allocations.
- 2. **Funding Shift.** The Governor shifted \$120.0 million in funding for university operations from the State General Fund to the SAF. This results in a total SAF appropriation of \$385.6 million.
- 3. Competitive Scholarships. Public Act 208 of 1964 established State competitive scholarships. Undergraduate students at Michigan two-year and four-year, public and private institutions are eligible for up to 10 semesters if they have financial need and a qualifying ACT score. The Governor recommended increasing funding by 6.0 million Federal Temporary Assistance for Needy Families (TANF) (22.8%), from \$26,361,700 to 32,361,700, offset by a \$6.0 million reduction to the Tuition Grant Program (see item #4 below). These adjustments are recommended based on eligible students and fully funding the grant award amounts set in the State School Aid Act (Sections 251 and 252). The Governor is recommending the same adjustment in an FY 2017-18 Supplemental (DTMB Supplemental Request 2018-5).

28,566,800

0

6,000,000

4. Tuition Grants. Public Act 313 of 1966 established Tuition Grants. Undergraduate students at Michigan private institutions are eligible for up to 10 semesters, if they have financial need. The Governor recommended decreasing funding by \$6.0 million TANF, from \$38,021,500 to \$32,021,500, based on enrollments and projected amounts needed to fund the grant award amount set in the State School Aid Act. The Governor is recommending the same adjustment in an FY 2017-18 Supplemental (DTMB Supplemental Request 2018-5).	(6,000,000)
5. Tuition Incentive Program (TIP). The TIP is a financial aid program targeted toward low-income middle school and high school students. It was established in FY 1986-87 through language in the Department of Social Services appropriation bill and was transferred to the Higher Education budget in FY 1992-93. The TIP provides an incentive to students to complete high school and go on to college by pledging to pay their tuition and fees for associate degree or certificate programs (Phase I), as well as up to \$2,000 at a four-year institution (Phase II). Students in grades 6 through 12 who are Michigan Medicaid-eligible for 24 months in a 36-consecutive-month period can qualify for TIP. The Governor increased funding from by \$1.5 million, from 58.3 million to \$59.8 million, funded from TANF.	1,500,000
 MSU AgBioResearch. MSU AgBioResearch performs agricultural research to promote efficient production, marketing, distribution, and use of farm products. The Governor included a \$678,300 GF/GP (2.0%) increase for MSU AgBioResearch, increasing funding from \$33,913,100 to \$34,591,400. 	678,300
7. MSU Extension. MSU Extension identifies and solves farm, home, and community problems through the practical application of research findings. MSU Extension operates Michigan's Expanded Food and Nutrition Education Program (EFNEP), serves as a resource for youth 4-H programs, and provides information on family financial planning. The Governor included a \$585,100 GF/GP (2.0%) increase for MSU Extension, increasing funding from \$29,252,600 to \$29,837,700.	585,100
8. Michigan Public School Employees' Retirement System (MPSERS). Adjustments for the seven universities (Central, Eastern, Ferris, Lake Superior, Michigan Tech, Northern, and Western) include a decrease of \$1,572,000 (SAF) based on the rate cap for the UAAL; and a one-time increase of \$250,000 (SAF) due to decreasing the assumed rate of return for the normal cost offset.	(1,322,000)
9. North American 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. State appropriations in university operation budgets have not kept pace with actual costs. In FY 2016-17, universities absorbed \$6.5 million in waiver costs. The FY 2017-18 budget included a separate appropriation of \$300,000 to partially offset the shortfall in State funding. The Governor eliminated the funding for FY 2018-19.	(300,000)
Total Changes	\$29,708,200
FY 2018-19 Governor's Recommendation	\$1,658,932,600

Boilerplate Changes from FY 2017-18 Year-to-Date:

- 1. **Budget Transparency.** Requires public university to maintain a public transparency website available through a link on its website homepage with specified budget and other information. The Governor removed State Budget Director's authority to determine compliance and withhold funds for noncompliance. (Sec. 245)
- 2. **State Tuition Grant Program.** Provides that grants for the State Tuition Grant Program shall be distributed pursuant to 1966 PA 313 and includes other criteria. The Department of Treasury determines an actual maximum state tuition grant award per student, which shall not be less than \$2,000. The section also provides that not more than \$3.2 million in tuition grants shall be awarded to eligible students enrolled in the same independent nonprofit institution. The Governor increased the per student award stated in this section from \$2,000 to \$2,100; removed the provision that limited duration of grants to ten years after eligibility is first determined; eliminated the termination date for use of carryforward funds; increased the maximum award to students enrolled in the same independent nonprofit college by \$700,000, from \$3.5 million to \$4.2 million; and updated date references. (Sec. 252)

- 3. **Tuition Incentive Program (TIP).** Provides criteria for the TIP. The Governor modified this section by eliminating the carry-forward authorization for unexpended funds; extending the date for implementation of penalty for reporting requirement noncompliance from FY 2018-19 to FY 2019-20; and updating date references. (Sec. 256)
- 4. **Tuition Restraint.** The Governor updated the cap for increases in resident undergraduate tuition and fee rates to the greater of 3.8% or \$490 (\$475 in FY 2017-18); eliminated language that states "fee" includes the annual amount a student is charged for coverage by the university-affiliated group health insurance policy; removed provision that stated universities exceeding the cap will not receive planning or construction authorizations for a State funded capital outlay project in the subsequent two fiscal years; removed provision stating that other sanctions may be imposed at any time by the Legislature for universities exceeding tuition cap; and updated date references. (Sec. 265)
- 5. **Performance Funding.** The Governor eliminated legislative intent statement that, beginning in the next State fiscal year, a university classified as improving is assigned a score of 1; referenced increased weighting for certificates and associate degrees in critical skills metric, eliminated the legislative intent statement to allocate more funding based on performance metrics in future years; and updated date references. (Sec. 265a)
- 6. Academic Program Partnerships. Requires the Michigan Community College Association, the Michigan Association of State Universities, and the Michigan Independent Colleges and Universities, on behalf of their member colleges and universities, to submit a comprehensive report detailing the number of academic program partnerships between public community colleges, public universities, and private colleges and universities. This language was first included with the FY 2016-17 appropriation. It was removed in the FY 2017-18 budget. The Governor is recommending that it be restored for FY 2018-19. (Sec. 265b)
- 7. **Indian Tuition Waiver.** The Governor removed the 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 language regarding the distribution of additional funds appropriated for waiver costs. (Sec. 268 (1)(2))
- 8. Yellow Ribbon GI Education Enhancement Program. Requires universities to meet the provisions of section 5003 of the post-911 veterans educational assistance act of 2008, 38 USC 3301 to 3327, including voluntary participation in the Yellow Ribbon GI Education Enhancement Program established in that act in 38 USC 3317. Requires reporting to Higher Education Subcommittees, fiscal agencies, and the Michigan Association of State Universities on whether or not it has chosen to participate in the Yellow Ribbon GI Education Enhancement Program. Requires establishment of an on-campus veterans' liaison to provide information and assistance to all student veterans flexible enrollment deadlines for veterans and admission application process that includes a specific question as to whether an applicant for admission is a veteran, an active member of the military, a member of the National Guard or military reserves, or the spouse or dependent of a veteran, active member of the military, or member of the National Guard or military reserves, in order to more quickly identify potential educational assistance available to that applicant. Also requires universities to consider all veterans residents of this state for determining their tuition rates and fees, waive enrollment fees for all veterans, and report by October 1 of each year, regarding services provided specifically to veterans and active military duty personnel. The Governor removed this section. (Sec. 275)
- 9. **Higher Education Institutional Data Inventory (HEIDI) Audit.** The Governor recommended changing the frequency that the Auditor General is required to audit data submitted by universities from "periodically" to "not less than every four years." (Sec. 289)
- 10. Repealed Provisions. The Governor removed the following sections: Intent regarding appropriations for the next fiscal year (Sec. 236a); 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 (portion of Sec. 242); intent regarding protection/preservation of U of M Douglas Lake Biological Station (Sec. 261); discouraged instruction activity (Sec. 271a); and human embryonic stem cell research report. (Sec. 274)

Date Completed: 2-12-18 Fiscal Analyst: Bill Bowerman

Table 1: FY 2018-19 HIGHER EDUCATION APPROPRIATIONS: GOVERNOR'S RECOMMENDATION

			For	mula Adjustmer	nts						
	FY 2017-18				Metrics	Total			Dollar		
	Year-To-Date	Proportional to	Critical	Research &		Formula	Other	FY 2018-19	Change From	Percent	Appropriation
University	Appropriation	FY 2010-11	Skills	Development	Carnegie Peers	Distribution	Changes	Gov. Rec.	FY 2017-18	Change	Per FYES
Central	\$85,654,400	\$805,831	\$145,914	\$15,721	\$791,249	\$1,758,700		\$87,413,100	\$1,758,700	2.1%	\$4,327
Eastern	75,169,900	764,542	166,606	5,118	870,986	1,807,300		76,977,200	1,807,300	2.4	4,602
Ferris	53,595,500	488,929	273,556	0	617,870	1,380,400		54,975,900	1,380,400	2.6	4,724
Grand Valley	70,100,100	623,253	246,801	0	1,083,375	1,953,400		72,053,500	1,953,400	2.8	3,150
Lake Superior	13,775,000	127,657	33,947	0	51,786	213,400		13,988,400	213,400	1.5	7,248
Michigan State	281,239,100	2,852,821	576,106	369,240	1,231,666	5,029,800		286,268,900	5,029,800	1.8	6,230
Michigan Tech	49,052,200	481,940	164,009	62,637	187,141	895,700		49,947,900	895,700	1.8	7,510
Northern	47,137,400	453,944	106,260	0	306,972	867,200		48,004,600	867,200	1.8	6,966
Oakland	51,235,900	510,470	239,430	13,313	816,981	1,580,200		52,816,100	1,580,200	3.1	2,957
Saginaw Valley	29,766,100	278,767	87,832	0	394,140	760,700		30,526,800	760,700	2.6	3,867
UM-Ann Arbor	314,589,100	3,180,347	561,008	905,443	1,539,429	6,186,200		320,775,300	6,186,200	2.0	7,014
UM-Dearborn	25,421,900	248,654	85,501	0	314,672	648,800		26,070,700	648,800	2.6	3,776
UM-Flint	23,061,800	210,156	108,259	0	203,840	522,300		23,584,100	522,300	2.3	3,662
Wayne State	199,169,800	2,153,770	170,603	191,499	675,324	3,191,200		202,361,000	3,191,200	1.6	8,990
Western	109,376,800	1,102,321	208,258	24,074	436,835	1,771,500		111,148,300	1,771,500	1.6	5,698
Subtotal University Operations:	\$1,428,345,000	\$14,283,400	\$3,174,090	\$1,587,044	\$9,522,267	\$28,566,800	\$0	\$1,456,911,800	\$28,566,800	2.0%	\$5,610
MPSERS Reimbursement	\$6,705,000						(\$1,572,000)	\$5,133,000	(\$1,572,000)	(23.4%)	
MSU AgBioResearch	33,913,100						678,300	34,591,400	678,300	2.0	
MSU Extension	29,252,600						585,100	29,837,700	585,100	2.0	
Higher Education Database	200,000						0	200,000	0	0.0	
Midwest Higher Ed Compact	115,000						0	115,000	0	0.0	
King-Chavez-Parks	2,691,500						0	2,691,500	0	0.0	
MPSERS Normal Cost Hold Harmless (one-time)	419,000						250,000	669,000	250,000	59.7	
Total Universities	\$1,501,641,200	\$14,283,400	\$3,174,090	\$1,587,044	\$9,522,267	\$28,566,800	(\$58,600)	\$1,530,149,400	\$28,508,200	1.9%	
School Aid Fund	238,343,500	14,283,400	3,174,090	1,587,044	9,522,267	28,566,800	118,678,000	385,588,300	147,244,800	61.8	
State GF/GP	\$1,263,297,700	\$0	\$0	\$0	\$0	\$0	(\$118,736,600)	\$1,144,561,100	(\$118,736,600)	(9.4%)	
Grants and Financial Aid											
State Competitive Scholarships	\$26,361,700						\$6,000,000	\$32,361,700	\$6,000,000	22.8%	
Tuition Grants	38,021,500						(6,000,000)	32,021,500	(6,000,000)	(15.8)	
Tuition Incentive Program (TIP)	58,300,000						1,500,000	59,800,000	1,500,000	2.6	
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	300,000						(300,000)	0	(300,000)	(100.0)	
Total Grants/Financial Aid	\$127,583,200						\$1,200,000	\$128,783,200	\$1,200,000	0.9%	
Federal Higher Ed Act	3,200,000						0	3,200,000	0	0.0	
Federal TANF	108,326,400						1,500,000	109,826,400	1,500,000	1.4	
Veterans Tax Check-off	100,000						0	100,000	0	0.0	
State GF/GP	\$15,956,800	\$0	\$0	\$0	\$0	\$0	(\$300,000)	\$15,656,800	(\$300,000)	(1.9)	
TOTAL HIGHER EDUCATION											
TOTAL ALL FUNDS	\$1,629,224,400	\$14,283,400	\$3,174,090	\$1,587,044	\$9,522,267	\$28,566,800	\$1,141,400	\$1,658,932,600	\$29,708,200	1.8%	
TOTAL FEDERAL	111,526,400	0	0	0	0	0	1,500,000	113,026,400	1,500,000	1.3	
TOTAL STATE RESTRICTED	238,443,500	14,283,400	3,174,090	1,587,044	9,522,267	28,566,800	118,678,000	385,688,300	147,244,800	61.8	
TOTAL STATE GF/GP	\$1,279,254,500	\$0	\$0	\$0	\$0	\$0	(\$119,036,600)	\$1,160,217,900	(\$119,036,600)	(9.3%)	