

FY 2015-16 EDUCATION OMNIBUS BUDGET
Summary: House Committee Substitute
House Bill 4115 (H-1) Draft 1



Mary Ann Cleary, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

Budget Area (Bill Page) [Summary Page]	FY 2015-16		
	Gross	SAF	GF/GP
School Aid (3) [2]	\$13,909,468,900	\$12,087,799,700	\$45,900,000
Community College (210) [11]	392,596,800	256,714,800	135,882,000
Higher Education (237) [14]	1,526,523,600	205,179,500	1,224,217,700
TOTAL	\$15,828,589,300	\$12,549,694,000	\$1,405,999,700

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

FY 2015-16: SCHOOL AID

Summary: As Reported by House Subcommittee (HB 4089)

Article I, House Bill 4115 (H-1) Draft 1



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	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	1,808,162,700	1,775,769,200	1,775,769,200			(32,393,500)	(1.8)
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	11,845,097,400	12,137,294,700	12,087,799,700			242,702,300	2.0
GF/GP	33,700,000	45,900,000	45,900,000			12,200,000	36.2
Gross	\$13,686,960,100	\$13,958,963,900	\$13,909,468,900			\$222,508,800	1.6

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including House Bill 4110). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The School Aid budget makes appropriations to the state's 548 local school districts, 302 public school academies, the Education Achievement System, and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes From FY 2014-15 YTD Appropriations

1. Foundation Allowances (Secs. 22a, 22b, 22c)

Executive provides a \$75 per pupil increase to all districts, raising the minimum foundation allowance to \$7,326 (after rolling in the FY 2014-15 equity payment) and raising the state maximum guaranteed foundation allowance to \$8,174 for FY 2015-16. The increase costs \$108.0 million School Aid Fund (SAF), but after an overall cost reduction of \$86.0 million due to increasing local contributions from increasing taxable values and declining pupils, the net increase totals \$22.0 million.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
Gross	\$8,917,000,000	\$296,400,000
Restricted	8,908,985,300	286,919,200
GF/GP	\$8,014,700	\$9,480,800

House increases foundations using both the 2x funding formula with increases ranging from \$137 to \$274 per pupil plus an equity payment of up to \$25 for districts at the Minimum Foundation. This would increase the State Maximum Foundation from \$8,099 to \$8,236 and would effectively increase the Minimum Foundation from \$7,251 to \$7,550 when including the equity payment. The increase costs \$382.4 million, but after an overall cost reduction of \$86.0 million due to increasing local contributions from increasing taxable values and declining pupils, the net appropriation increase totals \$296.4 million.

2. At-Risk Program (Sec. 31a)

Executive provides a \$100.0 million increase, bringing total funding to \$409.0 million SAF for FY 2015-16. Funding is intended to provide 11.5% of a district's foundation allowance for each student qualifying for free lunch; however, even after the proposed increase, the program would be approximately \$97 million short of reaching full funding, thus necessitating proration.

House maintains current year appropriation but revises program requirements. (See Major Boilerplate Changes below for more detail.)

Gross	\$308,988,200	\$0
Restricted	308,988,200	0

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
3. Best Practices (Sec. 22f) <u>Executive</u> reduces best practices grant funding by \$45.0 million to a total of \$30.0 million SAF for FY 2015-16, reducing the per pupil awards from \$50 to \$20. Revises the best practices with which a district must comply with 2 out of 3 financial and 2 out of 3 academic best practices. (See Major Boilerplate Changes below for more detail.) <u>House</u> eliminates this section.	Gross	\$75,000,000	(\$75,000,000)
	Restricted	75,000,000	(75,000,000)
4. District Performance Grants (Sec. 22j) <u>Executive</u> eliminates grants to districts for improving achievement levels on statewide assessments for FY 2015-16. <u>House</u> concurs with Executive.	Gross	\$51,100,000	(\$51,100,000)
	Restricted	51,100,000	(51,100,000)
5. Technology Infrastructure Grants (Sec. 22i) <u>Executive</u> reduces funding by \$16.5 million to a total of \$25.0 SAF million for FY 2015-16. <u>House</u> eliminates this section.	Gross	\$41,500,000	(\$41,500,000)
	Restricted	41,500,000	(41,500,000)
6. MPSERS Cost Offset (Sec. 147a) <u>Executive</u> maintains \$100.0 million SAF for districts to reimburse them for a share of their Michigan Public School Employees' Retirement System (MPSERS) costs for FY 2015-16. <u>House</u> reduces in half to \$50.0 million.	Gross	\$100,000,000	(\$50,000,000)
	Restricted	100,000,000	(50,000,000)
7. MPSERS Unfunded Liability State Share (Sec. 147c) <u>Executive</u> increases funding for the state share of MPSERS unfunded liability costs for districts, ISDs, and public libraries pursuant to PA 300 of 2012 by \$216.6 million, bringing the total to \$893.5 million for FY 2015-16. <u>House</u> concurs with Executive.	Gross	\$676,900,000	\$216,600,000
	Restricted	676,400,000	216,500,000
	GF/GP	\$500,000	\$100,000
8. MPSERS Additional Liability Payment (Sec. 147d) <u>Executive</u> eliminates the \$19.6 million SAF one-time additional unfunded liability payment. (HB 4110 reduced the original FY 2014-15 appropriation by \$88.4 million.) <u>House</u> concurs with Executive.	Gross	\$19,634,000	(\$19,634,000)
	Restricted	19,634,000	(19,634,000)
9. Distressed District Rehabilitation Fund (Sec. 11r) <u>Executive</u> deposits an additional \$75.0 million SAF into a fund created originally as the Distressed District Emergency Grant fund in FY 2014-15 with an initial \$4.0 million. Funding may be disbursed per the State Treasurer and is intended to support the rehabilitation of districts experiencing severe academic and financial stress in order to mitigate the impact on student learning. <u>House</u> eliminates funding for this section.	Gross	\$4,000,000	(\$4,000,000)
	Restricted	4,000,000	(4,000,000)
10. Categorical Offset Payments (Sec. 20f) <u>House</u> increases total funding to \$14.0 million. Maintains \$6.0 million to maintain the base that ensured a \$5 increase for all districts for FY 2013-14 funding and adds \$8.0 million to guarantee that all districts receive at least a \$25 net increase per pupil for FY 2015-16 after adding increases in the foundation allowance plus the reduction in MPSERS offset payments and the elimination of funding for Best Practices, District Performance Grants, and Dissolved District Transition Grants.	Gross	\$6,000,000	\$8,000,000
	Restricted	6,000,000	8,000,000
11. Dissolved District Transition Grants (Sec. 20g) <u>House</u> eliminates funding for districts that received students from the dissolved Buena Vista and Inkster school districts.	Gross	\$2,200,000	(\$2,200,000)
	Restricted	2,200,000	(2,200,000)
12. Consolidation Grants (Sec. 22g) <u>House</u> increases funding to \$5.0 million but restricts it to consolidations or annexations of whole districts or intermediate districts.	Gross	\$2,000,000	\$3,000,000
	Restricted	2,000,000	3,000,000

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
13. Strict Disciplinary Academy & Dropout Recovery (Sec. 25f) <u>Executive</u> reduces funding by \$1.0 million for alternative count mechanisms for both strict disciplinary academies and dropout recovery programs to a total of \$1.0 million for FY 2015-16. <u>House</u> concurs with Executive to decrease funding to \$1.0 million but only maintains payments to districts with dropout recovery programs as described in Sec. 23a.	Gross	\$2,000,000	(\$1,000,000)
	Restricted	2,000,000	(1,000,000)
14. Gang Prevention and Intervention Programs (Sec. 31c) – NEW <u>Executive</u> appropriates \$1.0 million for programs intended to improve public safety, reduce the number of youth in gang-related activity, and to increase graduation rates. <u>House</u> does not provide funding for this section.	Gross	\$0	\$0
	Restricted	0	0
15. Great Start Readiness Program (GSRP) (Sec. 32d) <u>Executive</u> maintains \$239.6 million for GSRP 4-year-old preschool programs for children in low-income families. <u>House</u> concurs with Executive.	Gross	\$239,575,000	\$0
	Restricted	239,275,000	0
	GF/GP	\$300,000	\$0
16. Early Childhood Block Grants (Sec. 32p) <u>Executive</u> increases by \$5.0 million for a total of \$15.9 million SAF for FY 2015-16. New funding would provide home-visiting programs for parents in at-risk families as part of the Governor's Early Literacy – 3 rd Grade Reading Initiative. <u>House</u> maintains current funding.	Gross	\$10,900,000	\$0
	Restricted	10,900,000	0
17. Early Literacy (3rd Grade Reading) Initiative (Sec. 35, 35a, 35b, 35c, 35d, 35e, 35f, 35g) – NEW <u>Executive</u> provides \$18.4 million (\$2.0 million GF/GP) for FY 2015-16 for new efforts to improve early literacy in an attempt to have children reading on grade level by 3 rd Grade. Funded activities include implementation (\$1.0 million), pilot parenting programs (\$1.0 million), professional development (\$950,000), teacher certification tests (\$500,000), diagnostic tools (\$1.5 million), teacher coaches (\$3.0 million), added instructional time (\$10.0 million), and a research clearinghouse (\$500,000). <u>House</u> does not provide funding for these sections.	Gross	\$0	\$0
	Restricted	0	0
	GF/GP	\$0	\$0
18. Bilingual Education Grants (Sec. 41) <u>House</u> eliminates funding for bilingual education grants.	Gross	\$1,200,000	(\$1,200,000)
	Restricted	1,200,000	(1,200,000)
19. Conductive Learning Center Study (Sec. 55) <u>House</u> adds \$150,000 as the 1 st of two years of funding for an MSU Department of Epidemiology study of the Conductive Learning Center at Aquinas College to evaluate the effectiveness of conductive education for children with cerebral palsy.	Gross	\$0	\$150,000
	Restricted	0	150,000
20. Career & Technical Education (Sec. 61a) <u>Executive</u> maintains funding at \$26.6 million to reimburse local districts and secondary area vocational/technical centers for a portion of the added costs of career and technical education (CTE) programs for both FY 2015-16. Eliminates \$1.0 million in one-time funding for grants to integrate the Michigan merit curriculum (MMC) content standards into state-approved CTE instructional programs to award academic credit. <u>House</u> increases funding for CTE programs by \$16.0 million but concurs with Executive to eliminate the \$1.0 million appropriation related to MMC content standards bringing the total section to \$42.6 million.	Gross	\$27,611,000	\$15,000,000
	Restricted	27,611,000	15,000,000
21. Career & Technical Education Dual Enrollment (Sec. 61b) – NEW <u>Executive</u> provides \$17.8 million SAF to expand CTE Middle College programs statewide for FY 2015-16. Programs are intended to provide high school students with an opportunity to finish an associates' degree, finish technical certification or earn college credit while taking high school courses. Programs would be based on 10 prosperity regions and focused on the occupational needs of the region. <u>House</u> does not provide funding for this section.	Gross	\$0	\$0
	Restricted	0	0

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
22. Dual Enrollment Incentive Grants (Sec. 64b)	Gross	\$1,800,000	(\$1,800,000)
<u>House</u> eliminates funding for dual enrollment incentive grants.	Restricted	1,800,000	(1,800,000)
23. Career and College Readiness Tools (Sec. 67) – NEW	Gross	\$0	\$0
<u>Executive</u> appropriates \$3.6 million GF/GP for FY 2015-16 administered through the Michigan College Access Network (MCAN) for programs to inform students of college and career options and provide tools and resources to increase the number of students prepared to make informed college and career decisions.	GF/GP	\$0	\$0
<u>House</u> does not provide funding for this section.			
24. School Bus Natural Gas Conversion (Sec. 74a)	Gross	\$3,000,000	(\$3,000,000)
<u>Executive</u> eliminates one-time funding for grants to districts to convert their buses from diesel to natural gas.	Restricted	3,000,000	(3,000,000)
<u>House</u> concurs with Executive.			
25. Michigan Virtual University (Sec. 98)	Gross	\$7,387,500	\$600,000
<u>Executive</u> increases funding to \$8.0 million tied to expanded responsibilities including maintaining a statewide network of school-based mentors for online instruction, including community college online courses into the statewide online course catalog, and providing a prototype and pilot to add registration, payment, and transcript functions to the statewide online course catalog.	GF/GP	\$7,387,500	\$600,000
<u>House</u> concurs with Executive.			
26. Math and Science Centers (Sec. 99)	Gross	\$8,474,300	(\$3,225,000)
<u>House</u> eliminates state funding for math and science centers and the Michigan STEM Partnership, but maintains federal funding for math and science centers.	Federal	5,249,300	0
	Restricted	2,750,000	(2,750,000)
	GF/GP	\$475,000	(\$475,000)
27. STEM Professional Development (Sec. 99b)	Gross	\$330,000	\$0
<u>Executive</u> eliminates one-time funding for professional development for teachers in science, technology, and mathematics instruction.	Restricted	330,000	0
<u>House</u> maintains funding at current year levels.			
28. FIRST Robotics (Sec. 99h)	Gross	\$2,000,000	\$1,000,000
<u>Executive</u> maintains \$2.0 million in funding for district grants for FIRST Robotics programs. Funds may be used for stipends for coaches and/or program and competition expenses.	Restricted	2,000,000	1,000,000
<u>House</u> increases funding to \$3.0 million and expands grants from grades 7-12 to grades K-12.			
29. Science Olympiad and other STEM Programs (Sec. 99q)	Gross	\$0	\$900,000
<u>House</u> adds a total of \$900,000 including \$500,000 for district Science Olympiad grants and \$400,000 for other STEM professional development and curricula grants focused on experiential learning.	Restricted	0	900,000
30. Van Andel Education Institute (Sec. 99r)	Gross	\$0	\$500,000
<u>House</u> adds \$500,000 for a grant to the Van Andel Education Institute to provide STEM professional development to science teachers in student-driven, inquiry-based science instruction.	GF/GP	\$0	\$500,000
31. State Assessments (Sec. 104)	Gross	\$47,644,400	\$0
<u>Executive</u> increases funding by \$2.6 million for state assessments to add additional components to determine a pupil's proficiency level prior to grade 3 for implementation in 2016-2017 including assessments administered in fall and spring to measure English language arts and mathematics in 1 st and 2 nd grades and a kindergarten entry assessment administered in the fall of kindergarten.	Federal	6,250,000	0
<u>House</u> maintains current funding levels.	Restricted	41,394,400	0
32. Adult Education (Sec. 107)	Gross	\$22,000,000	(\$22,000,000)
<u>House</u> eliminates funding for adult education programs.	Restricted	22,000,000	(22,000,000)

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
33. Nonpublic Schools (Sec. 152b) <u>House</u> adds \$5.0 million to reimburse nonpublic schools for the costs related to activities identified in the nonpublic schools mandate report required under Sec. 236 of PA 252 of 2014.	Gross	\$0	\$5,000,000
	GF/GP	\$0	\$5,000,000
34. Durant – Non Plaintiff Debt Service (Sec. 11g) <u>Executive</u> eliminates funding for the debt service for bonds for districts that were not plaintiffs in the Durant v. State of Michigan special education funding case. FY 2014-15 was the final year for debt service payments. <u>House</u> concurs with Executive.	Gross	\$39,500,000	(\$39,500,000)
	Restricted	39,500,000	(39,500,000)
35. School Bond Loan Fund (Sec. 11j) <u>Executive</u> increases debt service payments on behalf of districts that participate in the School Bond Qualification and Loan Program by \$17.0 million in FY 2015-16 for a total of \$143.0 million SAF. <u>House</u> concurs with Executive.	Gross	\$126,000,000	\$17,000,000
	Restricted	126,000,000	17,000,000
36. Cash Flow Borrowing Costs (Sec. 11m) <u>Executive</u> increases by \$1.0 million for a total of \$4.0 million in FY 2015-16 for estimated interest costs incurred by the School Aid Fund associated with cash-flow borrowing to meet the requirement to pay local and intermediate school districts over 11 payments. <u>House</u> concurs with Executive.	Gross	\$3,000,000	\$1,000,000
	Restricted	3,000,000	1,000,000
37. Federal No Child Left Behind and Other Funding (Sec. 39a) <u>Executive</u> decreases level of anticipated federal funds by \$29.4 million to a total of \$809.9 million. Decreases primarily driven by a \$26.5 million reduction in available Title I funds for disadvantaged children. <u>House</u> concurs with Executive.	Gross	\$839,269,900	(\$29,393,500)
	Federal	839,269,900	(29,393,500)
38. Special Education (Secs. 51a, 51c, 51d, 53a, 54, 56) <u>Executive</u> increases by \$19.6 million SAF from the current YTD appropriation to a total of \$934.5 million SAF for FY 2015-16 to adjust for consensus cost estimates. Federal funds are reduced to \$441.0 million. <u>House</u> concurs with Executive.	Gross	\$1,358,946,100	\$16,600,000
	Federal	444,000,000	(3,000,000)
	Restricted	914,946,100	19,600,000
39. ISD General Operations (Sec. 81) <u>Executive</u> maintains \$67.1 million in funding for ISDs after eliminating a 3-year increase tied to the past consolidation of two ISDs. Maintains \$65.1 million for general operations and \$2.0 million for ISD best practices that comply with all 4 remaining best practices. (See Major boilerplate changes below for more detail.) <u>House</u> concurs with Executive on total funding but eliminates the ISD best practices and shifts that \$2.0 million into ISD general operations funding.	Gross	\$67,115,000	(\$7,000)
	Restricted	67,115,000	(7,000)
40. Educator and Administrator Evaluations (Sec. 95a) <u>Executive</u> eliminates funding for implementing statewide educator and administrator evaluations for FY 2015-16. FY 2014-15 funding was deposited into the Educator Evaluation Reserve fund, but expenditures were tied to the enactment of HB 5223 and 5224 of the 2013-2014 legislative session. The Executive recommendation would delete the provision tying the expense of FY 2014-15 funds to those bills which were never enacted. <u>House</u> concurs with Executive.	Gross	\$14,800,000	(\$14,800,000)
	Restricted	12,100,000	(12,100,000)
	GF/GP	\$2,700,000	(\$2,700,000)

Major Boilerplate Changes From FY 2014-15

Sec. 6. Pupil Membership Definitions – Revised

Executive restricts those pupils who may be counted in membership under (4)(f)(ii) that attend programs focused on homeless students to pupils considered homeless under the federal McKinney Homeless Assistance Act.

House concurs with Executive regarding (4)(f)(ii).

Executive adds (4)(ee) to require that a pupil enrolled in an online course under Sec. 21f be counted in membership in its resident district and strikes a related provision under (6)(p) allowing a student enrolled in an online course under Sec. 21f from being counted in a district other than the resident district without the permission of the resident district.

House concurs but revises such that pupil is counted in the primary enrolling district rather than its resident district to avoid adding a third district for those students who choose into a district other than their resident district.

Sec. 21f. Online Courses – REVISED

Executive revises to add community colleges as eligible online course providers. Adds that an online course provider must assign each student with a teacher of record and that a primary enrolling district must assign each student with a mentor.

House concurs with Executive.

Executive strikes the payment provisions requiring the primary district to pay the providing district 80% upon enrollment and 20% upon course completion. Revises the maximum amount a primary district must pay a providing district from 8.33% of the minimum foundation allowance (equal to \$610) to 6.66% of the minimum foundation allowance (equal to \$488) for each course.

House maintains current law.

Sec. 22f. Best Practices – DELETED

Executive deletes all but 1 of the current 9 best practices. Revises to require that districts satisfy 2 of 3 financial best practices including (1) Provide a dashboard of both academic and school finance data, (2) If general fund balance is less than or equal to 5% of operating expenditures, board members receive department-approved training, and (3) General fund balance is greater than 5% of its operating expenditures. Districts must also satisfy 2 of 3 academic best practices including (1) Administer department-approved kindergarten entry assessment, (2) Administer department-approved diagnostic tools to monitor early literacy skills in grades K to 3 and support professional development to identify students who need additional support and to offer research-based interventions, and (3) Assess effectiveness of college and career advising programs by reviewing student-to-counselor ratios, time dedicated to college and career readiness counseling, and amount of professional development offered to advisors.

House repeals this section.

Sec. 31a. At Risk Program – REVISED

Executive revises to eliminate the following three groups of from the list of pupils that qualify as at-risk for the purposes of providing services including victims of abuse and neglect, pregnant teens or teen parents, and pupils with family history of school failure, incarceration or substance abuse.

House revises program such that instead of providing additional services to specific at-risk children, a district must implement school-wide multi-tiered system of supports for instruction and intervention.

Sec. 32d. Great Start Readiness Program – REVISED

House revises cap on GSRP administration costs from 2% for ISDs and 5% for subrecipients to 5% for ISDs and 2% for subrecipients.

Sec. 32p. Early Childhood Block Grants – REVISED

House revises to eliminate child advocacy from the list of local great start system supports.

Sec. 61a. CTE Programs – REVISED

Executive revises priority for which reimbursements are based to change type of program to cost of program and to include the advancement of pupils through the instructional program, program rank in student placement, and the available occupational job openings and wages.

House concurs with Executive revisions but does not include available occupational job openings and wages.

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

Executive eliminates 2 of the current best practices and requires ISDs to satisfy all the remaining 4 including (1) Develop or implement a consolidation plan to reduce costs, (2) Develop or implement a technology plan in accordance with MDE policy on behalf of all of its constituent districts to integrate technology into the classroom and prepare teachers to use digital technology for instruction, (3) Provide to parents and community members a dashboard or report card including specified items demonstrating the ISD's efforts to manage its finances responsibly, and (4) Work in a consortium with other ISDs and CEPI to develop local information management system requirements and bid specifications that result in a recommended model that supports interoperability to ensure linkage and connectivity in a manner that facilitates the efficient exchange of data between districts, ISDs, and CEPI.

House deletes this subsection.

Major Boilerplate Changes From FY 2014-15

Sec. 101. Instructional Days and Hours – REVISED

House revises the number of total allowable snow days from current law which allows an automatic 6 plus an additional 6 days if they occur after April 1 and if waived by the State Superintendent to an automatic 6 plus an additional 3 days if they occur anytime during the year if waived by the State Superintendent. Also revises such that the Superintendent “shall” rather than “may” grant seat-time waivers to districts operating department-approved alternative education programs. Revises such that a waiver for a 100% online model of delivery does not have to be renewed annually as long as it makes available 1,098 hours of instruction and a “pupil is on track for course completion at proficiency level” rather than current law which requires that the pupil participates for at least 1,098 hours.

Sec. 103a. Budgetary Assumptions Reports – NOT INCLUDED

Executive adds a section to require that by July 7 of each year, a district report to CEPI the budgetary assumptions used when adopting its annual budget including projected foundation allowance, projected pupil membership, previous year’s expenditures per pupil, and projected expenditures per pupil for current year. Makes an allocation of state aid under the act contingent upon a district’s compliance.

House does not include this section.

Sec. 103b. Distressed Districts – NOT INCLUDED

Executive adds a section to require that if a district determines that conditions of fiscal stress, a deficit, or a financial emergency have arisen or may arise, the district shall notify the State Superintendent and request technical assistance in addressing the issue. The State Superintendent shall notify the State Treasurer of any request for assistance. After receiving a request for technical assistance MDE and Treasury shall, subject to available resources, review the financial condition and budget of the district and provide assistance including, but not limited to, data analysis tools. Makes an allocation of state aid under the act contingent upon a district’s compliance with this section.

House does not include this section.

Sec. 103c. Periodic Financial Status Reports – NOT INCLUDED

Executive allows Superintendent or Treasurer to require a district to submit periodic financial reports if potential financial stress exists, if a deficit may arise within the current or next two fiscal years, or if a district is unable to meet its financial obligations. A district must provide copies of periodic financial status reports to its governing board and provide Treasury access to all financial records and information requested. Treasury may require a district to submit an EDEP.

House does not include this section.

Sec. 104b. Michigan Merit Examination – REVISED

Executive revises such that MME includes a college entrance exam, work skills exam, and a summative Michigan Student Test of Educational Progress (M-STEP). Revises such that the MME “may” include a writing component instead of “shall”. Revises to base MME on Michigan Content Standards. Allows MDE to augment the college entrance and work skills components of the MME to develop the assessment, dependent on those components’ alignment to Michigan Content Standards. If alignment is not present in these components, MDE will produce additional components as required by law, while minimizing the amount of time needed for assessments.

House concurs with Executive, but revises to cap the MME time at 8 hours, striking language allowing it to go over if sufficient alignment to Michigan content standards cannot be achieved with that time.

Sec. 104c. New State Assessments – REVISED

Executive updates to replace the MEAP with the Michigan Student Test of Education Progress (M-STEP) beginning with 2015-2016 and revises to grades 3-11 instead of grades 3-10. Deletes subsection that required last year’s RFP for a new assessment. Deletes subsection that required MDE to seek a federal waiver due to changing assessments. Adds that beginning in 2015-2016, MDE shall field test additional components of the assessment to determine a pupil’s proficiency level prior to grade 3 to implement in 2016-2017 including:

- (1) Assessments administered in fall and spring to measure English language arts and mathematics in 1st and 2nd grades.
- (2) A kindergarten entry assessment administered in the fall in kindergarten including English language arts and mathematics, and which may also include observational components measuring cognitive, social-emotional, and physical skills.

House concurs with deletions of RFP and requirement to seek a federal waiver, but does not include the additional language for K-2 assessments.

Sec. 107. Adult Education – DELETED

Executive adds that ISDs must give special consideration to adult education providers that provide contextualized learning and career pathways and adds that they base awards on past performance and quality indicators identified by MSF in addition to current requirements of location, demand for services, and cost to provide instruction. Defines “Career Pathway” as education, training, and services that (1) Aligns with the skill needs of industries in the economy of the state or region, (2) Prepares an individual to be successful in any of a full range of secondary or postsecondary education options including apprenticeships, (3) Includes counseling to support an individual’s education and career goals, (4) Includes education offered concurrently with workforce preparation activities and training for a specific occupation, (5) Organizes education, training and other services to meet the needs of an individual that accelerates the advancement of the individual to the extent possible, (6) Enables an individual to attain a secondary school diploma or its recognized equivalent and at least 1 recognized postsecondary credential, (7) Helps an individual enter or advance within a specific occupation.

House repeals this section.

HOUSE
FISCAL
AGENCY

4/1/2015

SCHOOL AID LINE ITEM SUMMARY



55	Conductive Learning Study- NEW
56	Special Ed ISD Millage Equalization
61a	Career & Tech Ed Programs
61b	Career & Tech Ed Dual Enrollment Programs - NEW
62	ISD Vocational Education Millage Equalization
64b	Dual Enrollment Incentive Payments
64c	Career Readiness Study
67	Career and College Readiness Tools - NEW
74	School Bus Driver Safety Instruction
74	School Bus Inspections
74a	School Bus Diesel to Natural Gas Conversion
81	ISD General Operations Support
94	Advanced Placement (AP) Incentive Program
94a	Center for Educational Performance and Information
94a	Center for Educational Performance and Info - Federal
95a	Educator and Administrator Evaluations
98	Michigan Virtual University
99	Math and Science Centers - State
99	Math and Science Centers - Federal
99b	STEM Professional Development
99c	Civic Education - NEW
99h	FIRST Robotics
99q	Science Olympiad and STEM Programs - NEW
99r	Van Andel Education Institute - NEW
102d	Financial Data Analysis Tools - NEW
104	Education Assessments - State
104	Education Assessments - Federal
104d	Computer Adaptive Test - NEW
107	Adult Education
147a	MPERS Cost Offset
147c	MPERS State Share of Unfunded Liability Payments
147d	MPERS ONE-TIME Extra UAL Payment
152a	Adair - Database Payment
152b	Nonpublic school reimbursement - NEW
TOTAL APPROPRIATIONS	

REVENUE BY SOURCE

Federal Aid
School Aid Fund
MPERS Reserve Fund
General Fund/General Purpose
TOTAL REVENUE

FY 2014-15
HB 4110 (H-1) Supplemental
\$0
\$37,758,100
\$27,611,300
\$0
\$9,190,000
\$1,750,000
\$250,000
\$0
\$1,625,000
\$1,691,500
\$3,000,000
\$67,115,000
\$250,000
\$12,022,800
\$193,500
\$14,800,000
\$7,387,500
\$3,225,000
\$5,249,300
\$330,000
\$0
\$2,000,000
\$0
\$0
\$0
\$0
\$41,394,400
\$6,250,000
\$0
\$22,000,000
\$100,000,000
\$676,900,000
\$19,634,500
\$38,000,500
\$0
\$13,686,960,100

\$1,808,162,700
\$11,827,097,400
\$18,000,000
\$33,700,000
\$13,686,960,100

FY 2015-16	
Change from YTD	Exec Rec
	\$0
	\$37,758,100
(\$1,000,000)	\$26,611,300
\$17,800,000	\$17,800,000
	\$9,190,000
	\$1,750,000
(\$250,000)	\$0
\$3,600,000	\$3,600,000
	\$1,625,000
(\$800)	\$1,690,700
(\$3,000,000)	\$0
(\$7,000)	\$67,108,000
	\$250,000
(\$55,800)	\$11,967,000
	\$193,500
(\$14,800,000)	\$0
\$600,000	\$7,987,500
(\$3,225,000)	\$0
	\$5,249,300
(\$330,000)	\$0
	\$0
	\$2,000,000
	\$0
	\$0
	\$0
	\$0
\$2,600,000	\$43,994,400
	\$6,250,000
	\$0
	\$22,000,000
	\$100,000,000
\$216,600,000	\$893,500,000
(\$19,634,500)	\$0
	\$38,000,500
	\$0
	\$5,000,000
\$272,003,800	\$13,958,963,900

(\$32,393,500)	\$1,775,769,200
\$310,197,300	\$12,137,294,700
(\$18,000,000)	\$0
\$12,200,000	\$45,900,000
\$272,003,800	\$13,958,963,900

FY 2015-16	
Change from YTD	HB 4089 (H-1) Draft 1 House Subcommittee
\$150,000	\$150,000
	\$37,758,100
\$15,000,000	\$42,611,300
	\$0
	\$9,190,000
(\$1,750,000)	\$0
(\$250,000)	\$0
	\$0
	\$1,625,000
(\$800)	\$1,690,700
(\$3,000,000)	\$0
(\$7,000)	\$67,108,000
	\$250,000
(\$55,800)	\$11,967,000
	\$193,500
(\$14,800,000)	\$0
\$600,000	\$7,987,500
(\$3,225,000)	\$0
	\$5,249,300
	\$330,000
	\$0
\$1,000,000	\$3,000,000
\$900,000	\$900,000
\$500,000	\$500,000
	\$0
	\$41,394,400
	\$6,250,000
	\$0
(\$22,000,000)	\$0
(\$50,000,000)	\$50,000,000
\$216,600,000	\$893,500,000
(\$19,634,500)	\$0
	\$38,000,500
	\$5,000,000
\$222,508,800	\$13,909,468,900

(\$32,393,500)	\$1,775,769,200
\$260,702,300	\$12,087,799,700
(\$18,000,000)	\$0
\$12,200,000	\$45,900,000
\$222,508,800	\$13,909,468,900

FY 2015-16	
Change from YTD	SB 130 (S-1) Draft 3 Senate Subcommittee
	\$0
	\$37,758,100
\$12,388,700	\$40,000,000
\$17,800,000	\$17,800,000
	\$9,190,000
	\$1,750,000
(\$250,000)	\$0
\$3,600,000	\$3,600,000
	\$1,625,000
(\$800)	\$1,690,700
(\$3,000,000)	\$0
\$993,000	\$68,108,000
(\$55,800)	\$250,000
	\$11,967,000
	\$193,500
(\$14,800,000)	\$0
\$0	\$7,387,500
\$1,000,000	\$4,225,000
	\$5,249,300
(\$330,000)	\$0
\$60,000	\$60,000
	\$2,000,000
	\$0
	\$0
\$1,500,000	\$1,500,000
\$2,600,000	\$43,994,400
	\$6,250,000
	\$5,000,000
	\$7,000,000
	\$100,000,000
\$216,600,000	\$893,500,000
(\$19,634,500)	\$0
	\$38,000,500
	\$0
\$281,953,800	\$13,968,913,900

(\$32,393,500)	\$1,775,769,200
\$324,347,300	\$12,151,444,700
(\$18,000,000)	\$0
\$8,000,000	\$41,700,000
\$281,953,800	\$13,968,913,900

FY 2015-16: COMMUNITY COLLEGES
Summary: As Reported by House Subcommittee (HB 4113)
Article II, House Bill 4115 (H-1) Draft 1



Analyst: Marilyn Peterson

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	364,724,900	256,714,800	256,714,800			(108,010,100)	(29.6)
GF/GP	0	137,110,800	135,882,000			135,882,000	--
Gross	\$364,724,900	\$393,825,600	\$392,596,800			\$27,871,900	7.6

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including House Bill 4110). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Community Colleges budget supports the 28 public community colleges located throughout the state. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associates' degrees, career and technical education, developmental and remedial education, continuing education, and, after 2012, baccalaureate programs in a limited number of areas. The colleges are supported primarily through a combination of state aid, local property tax revenue, and tuition and fees.

Major Budget Changes From FY 2014-15 YTD Appropriations

1. Community College Operations Grants

Executive increases funding for community college operations grants by \$4.3 million (1.4%), to be distributed according to a revised performance funding formula. Projected increases for individual community colleges range from 1.2% to 1.9%. Total funding would be \$311.5 million: \$230.2 million School Aid Fund (SAF), \$81.3 million GF/GP.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
Gross	\$307,191,300	\$6,143,800
Restricted	307,191,300	(73,938,200)
GF/GP	\$0	\$80,082,000

House increases operations grant funding by \$6.1 million (2.0%), to be distributed under the current performance funding formula. Projected increases for individual colleges range from 1.8% to 2.4%. Total funding would be \$313.3 million: \$233.3 million School Aid Fund (SAF), \$80.1 million GF/GP.

2. Michigan Public School Employees' Retirement System (MPSERS) State Share

Executive includes \$17.2 million increase, funded with SAF, for the state's share of colleges' unfunded liability to MPSERS; state's share is the difference between the actuarial accrued liability to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement act (MCL 38.1341). Total funding for state share would be \$69.5 million (\$52.3 million GF/GP). An additional \$6.9 million is expected to be needed in FY 2016-17.

Gross	\$52,300,000	\$17,200,000
Restricted	52,300,000	(35,100,000)
GF/GP	\$0	\$52,300,000

House concurs.

3. MPSERS Offset

Executive maintains funding for payments to community colleges to offset prior-year retirement contributions. House concurs.

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

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>		<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 House Change</u>
4. Financial Aid	Gross	\$0	\$2,928,100
<u>Executive</u> provides \$6.0 million SAF to re-institute the Independent Part-Time Student Grant program, which was last funded in FY 2008-09. Program to be limited to community colleges and to provide assistance to adult students taking fewer than 12 credits, with priority for former postsecondary students who left prior to completing a degree or certificate. <u>House</u> funds at \$2.9 million, using the difference to provide increased funding for college operations grants.	Restricted	0	2,928,100
	GF/GP	\$0	\$0
5. Renaissance Zone Reimbursements	Gross	\$3,500,000	\$1,600,000
<u>Executive</u> increases funding for Renaissance Zone reimbursements by \$1.6 million SAF, bringing total funding to \$5.1 million (\$3.5 million GF/GP), the approximate amount of college tax revenue lost under Renaissance Zones in FY 2013-14. Restores GF/GP funding support to its originally-enacted level of \$3.5 million. <u>House</u> concurs.	Restricted	3,500,000	(1,900,000)
	GF/GP	\$0	\$3,500,000

Major Boilerplate Changes From FY 2014-15

Sec. 209. Community College Transparency – RETAINED

Executive deletes from college transparency reporting requirements a requirement to post the estimated cost resulting from the Affordable Care Act, and a requirement to post a copy of the board of trustees resolution regarding compliance with the funding formula's local strategic value component (a component that the Executive proposes to eliminate). Executive also deletes a provision authorizing state budget director to withhold payment from a college that failed to comply with the reporting requirements, and provisions added in FY 2014-15 that require a community college to report certain data on dual enrollment, early college programs, and related endeavors.

House retains current transparency requirements without substantive changes.

Sec. 210b. Michigan Transfer Agreement – RETAINED

Encourages implementation of Michigan Transfer Agreement and requires status report. Executive includes substantially similar language in another section, while deleting the reporting requirement. House retains Sec. 210b.

Sec. 210c. Block Transfer Study Committee – NEW

House establishes a study committee to develop a process to improve the transferability and applicability of associates' degrees as a block of credits between community colleges and public universities on a statewide basis.

Sec. 215. Independent Part-Time Student Grants – NEW

Executive urges community colleges to prioritize 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. House concurs.

Sec. 216. Activities Classification Structure (ACS) Advisory Committee – REVISED

Executive deletes language referring to initial report of ACS advisory committee, due July 30, 2015. House concurs.

Sec. 226. Completion Data – REVISED

Executive adds to a requirement to report degree and completion data to the Workforce Development Agency (WDA) a requirement to work with WDA and the Center for Educational Performance and Information (CEPI) to develop a systematic approach to accomplish the task. House concurs.

Sec. 229a. State Building Authority (SBA) Rent Payments – REVISED

Executive updates itemized list of community college capital outlay projects on which the state will pay SBA rent in FY 2015-16. Funding for SBA rent is appropriated under the General Government budget. House concurs.

Sec. 230. Performance Funding Formula – REVISED

Executive eliminates the "local strategic value" component (currently set at 15%) of the formula for distributing performance-based funding, increases the weighted degree component from its current 17.5% to 32.5% of the formula, and adds a requirement to actively participate in the Michigan transfer network, which enables students to identify courses and credits transferable to and from Michigan postsecondary institutions.

House retains the local strategic value component of the performance funding formula, but concurs with the Executive in requiring colleges to actively participate in the Michigan transfer network.

FY 2015-16 COMMUNITY COLLEGE PERFORMANCE FUNDING INCREASES
HB 4113 (H-1)

		% of formula:		50.0%		17.5%		10.0%		7.5%		15.0%		
		Proportional to FY 2014-15 Operations Funding		Weighted Completions		Contact-Hour-Equated Students		Adjusted Administrative Costs		Presumed Local Strategic Value Funds				
College	FY 2014-15 Year-to-Date Appropriation	Share of Total	Funding	Total Weighted Completions	Funding	Number	Funding	Difference from Average	Funding	Share of Total	Funding	Total Performance Funding	Total Operations Funding	% Change from FY15
Alpena	\$5,390,700	1.8%	\$53,907	1,128	\$14,860	1,415	\$4,934	8.6%	\$15,471	1.8%	\$16,200	\$105,400	\$5,496,100	2.0%
Bay de Noc	\$5,419,500	1.8%	\$54,195	1,196	\$15,749	1,834	\$6,395	4.7%	\$8,378	1.8%	\$16,300	\$101,000	\$5,520,500	1.9%
Delta	\$14,498,900	4.7%	\$144,988	4,195	\$55,263	8,009	\$27,929	11.8%	\$21,255	4.7%	\$43,500	\$292,900	\$14,791,800	2.0%
Glen Oaks	\$2,516,100	0.8%	\$25,161	955	\$12,581	985	\$3,435	0.7%	\$1,310	0.8%	\$7,500	\$50,000	\$2,566,100	2.0%
Gogebic	\$4,451,400	1.4%	\$44,514	739	\$9,729	1,006	\$3,508	6.9%	\$12,442	1.4%	\$13,400	\$83,600	\$4,535,000	1.9%
Grand Rapids	\$17,947,500	5.8%	\$179,474	3,414	\$44,974	12,309	\$42,923	11.9%	\$21,292	5.8%	\$53,800	\$342,500	\$18,290,000	1.9%
Henry Ford	\$21,623,800	7.0%	\$216,237	3,656	\$48,162	11,856	\$41,344	8.0%	\$14,318	7.0%	\$64,900	\$385,000	\$22,008,800	1.8%
Jackson	\$12,087,300	3.9%	\$120,872	2,859	\$37,663	4,459	\$15,549	8.6%	\$15,375	3.9%	\$36,300	\$225,800	\$12,313,100	1.9%
Kalamazoo Valley	\$12,503,100	4.1%	\$125,030	4,023	\$52,990	7,897	\$27,538	12.8%	\$23,045	4.1%	\$37,500	\$266,100	\$12,769,200	2.1%
Kellogg	\$9,813,500	3.2%	\$98,135	2,243	\$29,541	4,628	\$16,137	12.2%	\$21,955	3.2%	\$29,400	\$195,200	\$10,008,700	2.0%
Kirtland	\$3,167,700	1.0%	\$31,677	1,189	\$15,657	1,410	\$4,917	8.4%	\$15,130	1.0%	\$9,500	\$76,900	\$3,244,600	2.4%
Lake Michigan	\$5,342,900	1.7%	\$53,429	1,045	\$13,760	3,196	\$11,145	7.0%	\$12,562	1.7%	\$16,000	\$106,900	\$5,449,800	2.0%
Lansing	\$30,877,600	10.1%	\$308,775	8,435	\$111,118	13,800	\$48,123	14.4%	\$25,920	10.1%	\$92,600	\$586,500	\$31,464,100	1.9%
Macomb	\$32,816,600	10.7%	\$328,165	6,557	\$86,378	19,283	\$67,243	13.3%	\$23,833	10.7%	\$98,400	\$604,000	\$33,420,600	1.8%
Mid Michigan	\$4,682,000	1.5%	\$46,820	1,724	\$22,704	3,178	\$11,082	7.5%	\$13,457	1.5%	\$14,000	\$108,100	\$4,790,100	2.3%
Monroe County	\$4,492,900	1.5%	\$44,929	1,119	\$14,741	2,799	\$9,761	11.7%	\$21,012	1.5%	\$13,500	\$103,900	\$4,596,800	2.3%
Montcalm	\$3,226,700	1.1%	\$32,267	1,012	\$13,325	1,335	\$4,654	9.5%	\$17,036	1.1%	\$9,700	\$77,000	\$3,303,700	2.4%
Mott	\$15,686,100	5.1%	\$156,860	4,071	\$53,629	8,452	\$29,473	11.7%	\$20,995	5.1%	\$47,100	\$308,100	\$15,994,200	2.0%
Muskegon	\$8,901,000	2.9%	\$89,010	1,495	\$19,688	3,740	\$13,042	12.5%	\$22,526	2.9%	\$26,700	\$171,000	\$9,072,000	1.9%
North Central	\$3,172,400	1.0%	\$31,724	651	\$8,569	1,815	\$6,327	10.5%	\$18,768	1.0%	\$9,500	\$74,900	\$3,247,300	2.4%
Northwestern	\$9,078,800	3.0%	\$90,788	1,731	\$22,803	3,977	\$13,867	10.6%	\$19,122	3.0%	\$27,200	\$173,800	\$9,252,600	1.9%
Oakland	\$21,123,300	6.9%	\$211,232	5,795	\$76,334	20,359	\$70,995	8.5%	\$15,349	6.9%	\$63,400	\$437,300	\$21,560,600	2.1%
Schoolcraft	\$12,513,700	4.1%	\$125,136	4,555	\$59,999	10,234	\$35,686	9.4%	\$16,919	4.1%	\$37,500	\$275,200	\$12,788,900	2.2%
Southwestern	\$6,576,400	2.1%	\$65,764	1,158	\$15,255	2,256	\$7,865	4.1%	\$7,443	2.1%	\$19,700	\$116,000	\$6,692,400	1.8%
St Clair County	\$7,061,600	2.3%	\$70,616	1,449	\$19,088	3,341	\$11,649	8.5%	\$15,186	2.3%	\$21,200	\$137,700	\$7,199,300	1.9%
Washtenaw	\$13,077,300	4.3%	\$130,772	7,131	\$93,933	10,083	\$35,159	11.5%	\$20,622	4.3%	\$39,200	\$319,700	\$13,397,000	2.4%
Wayne County	\$16,727,600	5.4%	\$167,275	7,621	\$100,395	11,455	\$39,945	9.3%	\$16,774	5.4%	\$50,200	\$374,600	\$17,102,200	2.2%
West Shore	\$2,414,900	0.8%	\$24,149	477	\$6,277	1,078	\$3,757	1.8%	\$3,290	0.8%	\$7,200	\$44,700	\$2,459,600	1.9%
TOTAL:	\$307,191,300	100.0%	\$3,071,900	81,616	\$1,075,165	176,185	\$614,380		\$460,785			\$6,143,800	\$313,335,100	2.0%

- Notes:
1. Calculations for weighted completions, contact hour equated students, and adjusted administrative costs are based on a two-year average of data from FYs 2013 and 2014.
 2. Weighted completions metric includes awards for computer and information sciences
 3. Contact Hour Equated Students and Adjusted Administrative Cost data are preliminary data provided by the Workforce Development Agency. Completions data are from IPEDS.

FY 2015-16: HIGHER EDUCATION

Summary: As Reported by House Subcommittee (HB 4103)

Article III, House Bill 4115 (H-1) Draft 1



Analyst: Marilyn Peterson

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	97,026,400	97,026,400	97,026,400			0	0.0
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	206,567,900	205,279,500	205,279,500			(1,288,400)	(0.6)
GF/GP	\$1,212,902,000	\$1,238,913,300	1,224,217,700			11,315,700	0.9
Gross	\$1,516,496,300	\$1,541,219,200	\$1,526,523,600			\$10,027,300	0.7

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including House Bill 4110). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Higher Education budget, as contained in Article III of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs operated by Michigan State University, various financial aid programs for students attending public and independent colleges and universities in the state, and several other smaller higher education-related programs.

Major Budget Changes From FY 2014-15 YTD Appropriations

1. University Operations

Executive increases university operations funding by \$26.8 million GF/GP (2.0%), bringing total support to \$1.4 billion (\$1.2 billion GF/GP). Funding increase to be distributed according to a performance funding formula, which would be revised to eliminate the component that distributes 50% of performance funding based on each university's share of operational funding appropriated in the baseline year of FY 2010-11. Percentages applying to the other formula components (weighted completions, research and development, and comparison to Carnegie peers) thus would be doubled. Receipt of performance funding would be conditioned on restraining resident undergraduate tuition/fee increases to 2.8% (set at 3.2% in the current year). Projected funding increases for individual universities range from 0.6% to 4.0%.

House provides a 1.0% increase over current year, increasing funding by \$13.1 million GF/GP (a \$13.7 million reduction from the Executive). Increase would be distributed according to the performance funding formula as revised by the Executive. Receipt of performance funding would be conditioned on restraining resident undergraduate tuition/fee increases to 4.0% or \$400 per student, whichever was greater. House also differs from Executive in revising individual universities' scores based on corrected data entries in the federal IPEDS database. Projected funding increases for individual universities range from 0.3% to 1.9%.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
Gross	\$1,339,958,200	\$13,086,000
Restricted	200,019,500	0
GF/GP	\$1,139,938,700	\$13,086,000

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change	
2. Michigan Public School Employees Retirement System (MPERS)		Gross	\$6,448,400	(\$1,228,400)
<u>Executive</u> institutes a cap of 25.73% of payroll on university payments for unfunded accrued liability under MPERS. Funding of \$5.2 million in School Aid Fund (SAF) revenues would be provided to pay the difference between the 25.73% cap and universities' unfunded accrued liability rate. This would affect the seven universities with MPERS employees: Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western. Current-year funding of \$6.4 million includes \$4.0 million designated as one-time appropriations. Current-year funding is allocated based on specified payroll and appropriated "solely for the purpose of offsetting a portion of the retirement contributions owed by the university." <u>House</u> concurs with Executive.		Restricted	6,448,400	(1,228,400)
		GF/GP	\$0	\$0
3. MSU Extension Service and AgBioResearch		Gross	\$59,609,000	(\$117,800)
<u>Executive</u> provides 2.0% increase (\$1.2 million GF/GP) for Michigan State's AgBioResearch (\$640,600) and Extension (\$551,600) programs, bringing total funding to \$60.8 million.		GF/GP	\$59,609,000	(\$117,800)
<u>House</u> provides a 1.0% increase, and applies a \$700,000 reduction to AgBioResearch, enabling those funds to be redirected to the MDARD budget to support fruit tree research. <u>House</u> funds AgBioResearch at \$31.6 million (a \$387,200 decrease from current year), and Extension at \$27.9 million (a \$269,400 increase).				
4. Michigan College Access Network (MCAN)		Gross	\$2,000,000	(\$2,000,000)
<u>Executive</u> moves support for the Michigan College Access Network, currently funded in the Higher Education budget at \$2.0 million GF/GP, to the K-12 budget. <u>House</u> concurs with not funding MCAN under the Higher Education budget.		GF/GP	\$2,000,000	(\$2,000,000)
5. Midwest Higher Education Compact		Gross	\$95,000	\$20,000
<u>Executive</u> funds dues increase for participation in the Midwest Higher Education Compact, which promotes regional cooperation and economies of scale in purchasing, encourages tuition reciprocity programs, and conducts research into higher education issues. <u>House</u> concurs		GF/GP	\$95,000	\$20,000
6. Indian Tuition Waivers		Gross	\$500,000	\$0
<u>Executive</u> rolls current-year appropriation for Indian Tuition Waivers into individual university operations appropriations based on the number of eligible students at each university. Current-year appropriation was distributed based on the amount of tuition waived at each university, adjusted for amounts included in university operations appropriations. (Funding for Indian Tuition Waivers was rolled into university operations appropriations in FY 1996-97, and has been assumed to rise or fall with subsequent across-the-board increases and decreases.) <u>House</u> concurs with Executive.		GF/GP	\$500,000	\$0
7. Grants and Financial Aid		Gross	\$104,994,200	\$327,500
<u>Executive</u> maintains current-year funding levels for the various financial aid programs:		Federal	97,026,400	0
• Tuition Incentive Program (total \$48.5 million, \$43.8 million federal TANF funds and \$4.7 million GF/GP).		Restricted	100,000	0
• Tuition Grant Program (total \$33.5 million, \$31.7 million TANF and \$1.9 million GF/GP).		GF/GP	\$7,867,800	\$327,500
• State competitive scholarships (\$18.4 million, all TANF).				
• Project GEAR-UP scholarships (\$3.2 million federal program funds)				
• Children of Veterans and Officer's Survivor Tuition Grant Programs (\$1.3 million GF/GP, \$100,000 restricted revenue).				
<u>House</u> increases funding for Tuition Grant Program by \$327,500 GF/GP (a roughly 1.0% increase), concurs with Executive on other funding levels.				

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
8. <i>King-Chavez-Parks (KCP) Programs</i>	Gross	\$2,691,500	\$0
In addition to allocations contained in each university's operations appropriation, <u>Executive</u> maintains funding for the three KCP programs that are separately funded:	GF/GP	\$2,691,500	\$0
• Select Student Support Services (\$2.0 million) • Michigan College/University Partnership Program (\$586,800) • Morris Hood, Jr. Educator Development Program (\$148,600)			
<u>House</u> concurs.			
9. <i>Higher Education Institutional Data Inventory (HEIDI)</i>	Gross	\$200,000	\$0
<u>Executive</u> maintains funding for the state's higher education database. Public universities submit finance, enrollment, and other data annually under statutory and budget act requirements. <u>House</u> concurs.	GF/GP	\$200,000	\$0

Major Boilerplate Changes From FY 2014-15

GENERAL SECTIONS

Sec. 236a. Intent Regarding Succeeding Fiscal Year – RETAINED

Executive replaces Sec. 236a, which expresses legislative intent to maintain appropriations, with a new Article IV containing an itemized summary of appropriations for FY 2015-16 and anticipated appropriations for FY 2016-17, with the only FY 2016-17 change being an additional \$180,000 in funding for MPSERS unfunded accrued liabilities in excess of the proposed 25.73% employer cap. House does not concur, instead retaining Sec. 236a.

Sec. 236c. State Building Authority (SBA) Rent Payments – REVISED

Itemizes SBA rent payments made under the DTMB budget for university capital outlay projects. Current-year payments total \$124.8 million, updated to \$136.0 million in FY 2015-16. House concurs.

Sec. 239a. Foreign Auto Manufacturers – RETAINED

States intent that funds appropriated to universities not be used to purchase vehicles assembled outside the United States. Executive deletes, House retains.

Sec. 242. Federal or Private Funds – RETAINED

Appropriates federal or private funds received by the state for use by a college or university. Executive deletes language specifying that acceptance of funds does not create an ongoing obligation. House retains this language.

Sec. 245. University Transparency – RETAINED

Requires universities to post various budget, compensation (including salary list), other financial, and performance data, as well as transfer policies, on its website, using a standard format. Executive deletes requirement that state budget director determine compliance and language granting authority to withhold payments for a university not in compliance. House retains this language.

Sec. 246. Michigan Public School Employees' Retirement System (MPERS) – REVISED

Allocates MPERS funding based on each participating university's percentage of the total combined payrolls of employees who are MPERS members hired before January 1, 1996, and employees who would have been MPERS members but for enactment of 1995 PA 272, which closed the system to new hires. Under Executive, new language would assume a maximum employer rate of 25.73% of payroll and would specify that the amount of a university's MPERS payment would be equal to the difference between the capped rate and the rate that would otherwise apply in order to meet the unfunded accrued actuarial liability. Language requiring funding to be used "solely for the purpose of offsetting a portion of the retirement contributions owed by the university" would be replaced with language requiring each university that receives MPERS support to forward the amount received to MPERS. House concurs.

Major Boilerplate Changes From FY 2014-15

GRANTS AND FINANCIAL AID

Sec. 252. Tuition Grant Program – REVISED

Establishes conditions for the tuition grant program, which provides need-based tuition assistance at Michigan independent (i.e., private nonprofit) colleges and universities:

- Executive deletes requirement for unexpended funds to continue to be available in the next fiscal year; unexpended funds thus would lapse to the General Fund. House retains the requirement, thus enabling fund to be rolled over to the next fiscal year.
- Executive reduces cap on awards at any one institution from the current \$3.2 million to \$3.0 million. House increases the cap to \$3.3 million.
- Executive conditions student eligibility for awards on the college's submission of annual P-20 longitudinal data system data sets to the Center for Education Performance and Information (CEPI). House does not include this language.
- Executive moves application deadline from July 1 to March 1. House retains deadline of July 1.
- Executive deletes requirement for Department of Treasury to report projected year-end appropriation balance. House retains the requirement.
- Executive revises requirement for Department of Treasury to confirm by December 15 and again by February 18 whether appropriations are sufficient for awards, deleting the December 15 requirement. House concurs.
- Executive moves deadline for institutional reporting from August 31 to September 30. House concurs.

Sec. 254. Financial Aid Payment Schedule – RETAINED

Specifies quarterly payment schedule for financial aid. Executive extends to Independent Part-Time Student Grants Program, which is proposed for funding under the Community Colleges budget. House retains current law, enabling the schedule to be replicated in the community college budget.

Sec. 255. Financial Aid Needs Criteria – RETAINED

Provides for Treasury to determine the needs analysis criteria for students to qualify for state competitive scholarship program and tuition grant program. Executive extends provision to Independent Part-Time Student Grants Program, which is proposed for funding under the Community Colleges budget. House retains current law, enabling the provision to be replicated in the community college budget.

Sec. 258. Treasury Financial Aid Reports – REVISED

Executive extends requirement for Treasury to post annual report on financial aid programs to include financial aid that is appropriated through the community college budget as well as financial aid programs funded under the higher education budget. House concurs.

Sec. 259. Michigan College Access Network (MCAN) – DELETED

In conjunction with transferring the college access program to the K-12 budget, Executive removes MCAN language from the Higher Education budget. House concurs.

UNIVERSITY OPERATIONS

Sec. 260. Common Application for Admissions – NEW

Executive encourages public universities to adopt the common application (a standardized application developed by the eponymous and nonprofit The Common Application) in order to make postsecondary education more accessible. House concurs.

Sec. 261. Douglas Lake Biological Station – RETAINED

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

Sec. 262a. Textbook Policies – DELETED

States intent that universities develop policies for reviewing required textbook and course materials to minimize costs while maintaining quality of education; requires report on university policies. Executive deletes, House concurs.

Sec. 265. Performance Funding Criteria: Tuition Restraint – REVISED

Current law conditions receipt of performance funding in part on compliance with tuition restraint requirements that limit allowable resident undergraduate tuition/fee increases to 3.2% over the prior year. Executive lowers limit to 2.8% and deletes language that in part defines "fee" to include the cost of a university-affiliated health insurance policy for a university that compels resident undergraduate students to have health insurance coverage as a condition of enrollment. House sets limit at 4.0% or \$400 per student, whichever is greater, and concurs with Executive on deleting language pertaining to university-affiliated health insurance.

Major Boilerplate Changes From FY 2014-15

Sec. 265a. Performance Funding Criteria and Formula – REVISED

Conditions receipt of performance funding on:

- Compliance with tuition restraint provisions.
- Certification that university participates in reverse transfer agreements with at least three Michigan community colleges.
- Certification that dual enrollment policy does not consider use of credits toward high school graduation requirements.
- Participation in Michigan Transfer Network; Executive revises to specify active participation, including submission of timely updates. House does not include this change.

Establishes process for universities to certify compliance with all requirements. Provides for performance funding forfeited due to noncompliance to be redistributed to other universities based on their performance funding appropriations.

Sets the formula used to distribute performance funding, currently distributed as follows:

- 50% proportional to each university's share of total operations funding in the baseline year of FY 2010-11.
- 11.1% based on weighted undergraduate completions in critical skills areas.
- 5.6% based on research and development expenditures (for high-research universities)
- 33.3% based on comparisons with Carnegie classification peers on four metrics: six-year graduation rate, total degree completions, institutional support as a percentage of core expenditures, and number of students receiving Pell grants.

Executive deletes the component based on FY 2010-11 allocations, thereby doubling the percentages applying to the remaining three components, and revises the Pell grant metric to apply to the percentage of students receiving Pell grants, rather than the number of students receiving Pell grants. Also deletes statement of intent to lower scoring for university improving over three-year period from 2 points to 1 point. House concurs with these changes.

Sec. 268. Indian Tuition Waivers – REVISED

Executive deletes language expressing legislative intent for universities to allocate Indian Tuition Waiver costs from the general fund, and adds a requirement that a public university provide Department of Civil Rights any information necessary for preparing the report required by the budget. House retains the intent language regarding university allocations, and adds the Executive-recommended requirement to provide information to the Department of Civil Rights.

Sec. 271a. Instructional Activity Pertaining to Unionization – RETAINED

Bars public universities from using appropriations to offer instructional activity that targets companies or groups of companies for unionization or decertification of a union. Executive deletes, House retains.

Sec. 273. Student Religious Beliefs – DELETED

States intent that universities report on efforts to accommodate the religious beliefs of students in accredited counseling programs. Executive deletes, House concurs.

Sec. 274. Embryonic Stem Cell Research – RETAINED

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

Sec. 274a. Adult Coresident Health Benefits – DELETED

States intent that universities not provide benefits to unmarried adult coresidents or their dependents, and that each university report on the costs of providing such benefits. Executive deletes, House concurs.

Sec. 275. Veterans' Policies – RETAINED

Encourages universities to provide various veterans-related services and requires certain reports. Executive deletes report requirements; House retains.

Sec. 275a. Capital Outlay Reporting – RETAINED

Prohibits use of state funds for self-liquidating projects; requires compliance with Joint Capital Outlay Subcommittee reporting compliance, with specified penalty of 1.0% of appropriation for failure to comply. Executive deletes, House retains.

GENERAL REPORTS AND AUDITS

Sec. 283. Former High School Students – REVISED

Requires universities to systematically inform Michigan high schools regarding former students' academic status. Executive explicitly requires universities to use the P-20 longitudinal data system to comply with requirement; House concurs.

Sec. 284. Former Community College Students – REVISED

Requires universities to systematically inform Michigan community colleges regarding former students' academic status. Executive explicitly requires universities to use the P-20 longitudinal data system to comply with requirement; House concurs.

Sec. 293. Student Records – DELETED

Requires universities to provide information from the records of a student to persons authorized by the student. Executive deletes, House concurs.

**FY 2016 University Performance Funding
HB 4103 (H-1): 1.0% Increase**

Performance Funding Proportional to Share of Total						Performance Funding Scored vs. National Carnegie Peers											
% of formula: Funding per unit:		22.2% \$187.78 per completion		11.1% \$0.0011 per dollar		66.7% \$5.00 per weighted point											
University	FY 2014-15 Year-to-Date Appropriation	Critical Skills Undergrad Completions	Funding	Research & Development Expenditures	Funding	6-year Grad Rate	Total Degrees	Instit. Support as % of Expend.	% Students Receiving Pell Grants	Total Points	Undergrad FYES	FYES- Weighted Score	Funding	Total Funding Increase*	Proposed FY 2015-16 Appropriation	Percent Change	
Michigan State	\$264,429,100	2,716	\$509,949	\$328,770,128	\$360,671	2	3	2	2	9	36,203	325,827	\$1,630,121	\$2,500,700	\$266,929,800	0.9%	
UM-Ann Arbor	\$295,174,100	2,911	\$546,637	\$746,124,000	\$818,522	3	3	2	2	10	28,048	280,480	\$1,403,248	\$2,768,400	\$297,942,500	0.9%	
Wayne State	\$190,519,800	731	\$137,270	\$155,643,759	\$170,746	0	0	0	3	3	14,909	44,727	\$223,770	\$531,800	\$191,051,600	0.3%	
Michigan Tech	\$45,923,100	886	\$166,294	\$53,719,135	\$58,932	3	2	2	2	9	5,466	49,194	\$246,119	\$471,300	\$46,394,400	1.0%	
Western	\$102,742,000	1,066	\$200,177	\$19,502,342	\$21,395	2	2	2	2	8	17,149	137,192	\$686,375	\$908,000	\$103,650,000	0.9%	
Central	\$79,115,000	766	\$143,842	\$11,338,433	\$12,439	3	3	3	2	11	17,740	195,140	\$976,290	\$1,132,600	\$80,247,600	1.4%	
Oakland	\$48,364,100	1,089	\$204,496	\$10,296,931	\$11,296	2	2	2	2	8	14,591	116,728	\$583,993	\$799,800	\$49,163,900	1.7%	
Eastern	\$71,771,100	741	\$139,054			0	3	2	2	7	15,601	109,207	\$546,365	\$685,400	\$72,456,500	1.0%	
Ferris	\$49,087,000	1,249	\$234,553			2	3	2	2	9	10,822	97,398	\$487,285	\$721,800	\$49,808,800	1.5%	
Grand Valley	\$63,136,000	1,293	\$242,839			3	3	2	2	10	19,594	195,940	\$980,293	\$1,223,100	\$64,359,100	1.9%	
Saginaw Valley	\$27,610,200	427	\$80,183			0	2	2	2	6	8,089	48,534	\$242,817	\$323,000	\$27,933,200	1.2%	
UM-Dearborn	\$23,689,300	404	\$75,864			2	0	0	2	4	5,786	23,144	\$115,790	\$191,700	\$23,881,000	0.8%	
UM-Flint	\$21,337,700	505	\$94,831			0	2	2	2	6	5,606	33,636	\$168,282	\$263,100	\$21,600,800	1.2%	
Northern	\$44,277,200	520	\$97,659			2	3	2	2	9	7,694	69,246	\$346,439	\$444,100	\$44,721,300	1.0%	
Lake Superior	\$12,782,500	183	\$34,353			2	2	2	2	8	2,169	17,352	\$86,812	\$121,200	\$12,903,700	0.9%	
TOTAL:	\$1,339,958,200	15,486	\$2,908,000	\$1,325,394,728	\$1,454,000	26	33	27	31	117	209,467	1,743,745	\$8,724,000	\$13,086,000	\$1,353,044,200	1.0%	
Total Funding Increase:		\$13,086,000															
Percent Increase:		1.0															
Note: formula scoring revised from Executive to account for corrected IPEDS data entries.																	

Note: formula scoring revised from Executive to account for corrected IPEDS data entries.

Data Notes			
Component	Source	Years	Notes
Critical skills undergrad completions	State HEIDI	FYs 2013-2014	STEM/health/etc.
Research & develop expends	Federal IPEDS	FY 2013	Carnegie research universities only
Six-year graduation rate	Federal IPEDS^	FYs 2009-2012	First-time, full-time degree seeking students
Total degree completions	Federal IPEDS^	FYs 2009-2012	Includes graduate degrees
Inst support as % of core expends	Federal IPEDS^	FYs 2009-2012	Measure of administrative costs
Pell grant students	Federal IPEDS^	FYs 2010-2012	Federal need-based aid for undergrads
Undergrad FYES	State HEIDI	FY 2013	Includes nonresident students
^ via Business Leaders for Michigan and Anderson Economic Group			

Scoring Based on Carnegie Peers	
Top 20% nationally	3
Above national median	2
Improving over 3 years	2

***Requirements to receive funding increase:**

1. Restrain FY 2015-16 resident undergraduate tuition/fee rate increase to 4.0% or \$400 per student, whichever is greater
2. Participate in at least three reverse transfer agreements with community colleges (or make good-faith effort)
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Participate in the Michigan Transfer Network