

FY 2020-21 EDUCATION OMNIBUS BUDGET
Summary: Conference Report
Senate Bill 927 (H-1) CR-1



Mary Ann Cleary, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

Budget Area (Bill Page) [Summary Page]	FY 2020-21		
	Gross	SAF	GF/GP
School Aid [2]	\$15,525,164,900	\$13,589,621,600	\$50,964,700
Community College [14]	425,667,600	425,667,600	0
Higher Education [18]	1,699,925,400	356,063,300	1,217,835,700
TOTAL	\$17,650,757,900	\$14,371,352,500	\$1,268,800,400

Budget Area (Bill Page) [Summary Page]	FY 2019-20	
	Gross	GF/GP
Supplemental [11]	\$0	(\$168,940,000)
TOTAL	\$0	(\$168,940,000)

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

SCHOOL AID

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Summary: Conference Report
Article 1, Senate Bill 927 (H-1) CR-1**

Analysts: Jacqueline Mullen and Samuel Christensen

IDG/IDT	FY 2019-20 YTD as of 7/31/20	FY 2020-21 Conference	Difference: Conference From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	2,261,578,500	1,806,878,500	(454,700,000)	(20.1)
Local	0	0	0	--
Private	0	0	0	--
Restricted	12,778,048,700	13,667,321,700	889,273,000	7.0
GF/GP	273,600,000	50,964,700	(222,635,300)	(81.4)
Gross	\$15,313,227,200	\$15,525,164,900	\$211,987,700	1.4

Notes:

- (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through July 31, 2020.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The School Aid budget makes appropriations to the state's 539 local school districts, 294 public school academies (PSAs), and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Michigan Department of Education (MDE), Center for Educational Performance and Information (CEPI), and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes From FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 7/31/20)	FY 2020-21 Conference Change
1. Per-Pupil Increase (Sec. 11d)	Gross	\$0	\$95,000,000
Includes \$95.0 million SAF for payments to districts on an equal per-pupil basis. Payments are based on 50% of districts' FY 2019-20 membership blend and 50% of their FY 2020-21 membership blend as it would have been calculated in a non-pandemic year.	Restricted	0	95,000,000
	GF/GP	\$0	\$0
2. Increasing Enrollment (Sec. 29a) – NEW	Gross	\$0	\$66,000,000
Provides \$66.0 million SAF for payments to districts with increasing enrollment. Districts are eligible if their FY 2020-21 membership blend as it would have normally been calculated in a non-pandemic year exceeds their FY 2020-21 pupil membership calculation (the "super blend"). Payments are equal to the difference in pupils multiplied by the district's foundation allowance, capped at the Target Foundation. Payments may be prorated if funds are insufficient.	Restricted	0	66,000,000
	GF/GP	\$0	\$0
3. Foundation Allowance (Secs. 22a & 22b)	Gross	\$9,491,000,000	(\$45,000,000)
Reduces by \$45.0 million to maintain current foundation allowance levels. The minimum foundation allowance is \$8,111 and the state maximum guaranteed foundation allowance is \$8,529. (See Boilerplate Changes for Sec. 22p below.)	Restricted	9,417,756,300	27,546,100
	GF/GP	\$73,243,700	(\$72,546,100)

SCHOOL AID**Major Budget Changes From FY 2019-20 YTD Appropriations**

FY 2019-20 Year-to-Date (as of 7/31/20)	FY 2020-21 Conference Change
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4. 3-Year Pupil Membership Blend (Secs. 22a & 22b)	Gross	NA	\$1,000,000
Increases by \$1.0 million to permit a district that has established a Community Engagement Advisory Committee (CEAC), is required to submit a deficit elimination plan or enhanced deficit elimination plan, and is located in a city with a population between 9,000 and 11,000 that is in a county of between 155,000 and 160,000 (Benton Harbor) to calculate membership as the greater of a 3-year average or the district's actual membership as otherwise calculated.	Restricted	NA	1,000,000
	GF/GP	NA	\$0
5. Cash Flow Borrowing (Sec. 11m)	Gross	\$7,000,000	\$4,400,000
Increases by \$4.4 million SAF to a total of \$11.4 million SAF to reflect updated cost estimates for the interest costs of inter-fund borrowing between the School Aid Fund and the General Fund to balance the timing of revenue collections and required state aid payments.	Restricted	7,000,000	4,400,000
	GF/GP	\$0	\$0
6. Flint Emergency Declaration (Sec. 11s)	Gross	\$8,075,100	\$0
Maintains total appropriation of \$8.1 million but revises as follows: reduces by \$1.6 million SAF to \$2.4 million SAF the allocation for early intervention services for children between 3-5 years of age; adds new \$1.6 million SAF allocation for interventions and supports for students in K-12 impacted by the drinking water declaration of emergency; revises from SAF to GF/GP the \$650,000 allocation for nutritional services and the \$2.4 million allocation for school nurses, classroom aides, and school social workers.	Restricted	8,075,100	(3,075,000)
	GF/GP	\$0	\$3,075,000
7. Partnership Model Districts (Sec. 21h)	Gross	\$6,000,000	\$137,400
Provides \$137,400 SAF for the purchase of a data analytics tool and requires districts receiving funding under this section to purchase the tool. (See Boilerplate Changes for Sec. 21h below.)	Restricted	6,000,000	137,400
	GF/GP	\$0	\$0
8. Attendance Recovery Program (Sec. 25i) – NEW	Gross	\$0	\$2,000,000
Provides \$2.0 million GF/GP for an attendance recovery program for all districts that opt in to serve eligible students.	Restricted	0	0
	GF/GP	\$0	\$2,000,000
9. Virtual Learning Support Grants (Sec. 25j) – NEW	Gross	\$0	\$2,000,000
Provides \$2.0 million SAF for ISDs to address student needs associated with virtual instruction. Allocates funding to ISDs based on their number of economically disadvantaged students. Requires ISDs to use funds to support districts that began FY 2019-20 with in-person instruction but began FY 2020-21 with virtual or hybrid models of instruction. Funds must be used for meeting the unique needs of special education students, addressing increased numbers of chronically absent students, and offering child care solutions for elementary students.	Restricted	0	2,000,000
	GF/GP	\$0	\$0
10. Promise Zone Funding (Sec. 26c)	Gross	\$7,400,000	\$2,300,000
Increases by \$2.3 million SAF to a total of \$9.7 million SAF for required funds for districts and ISDs with an approved Promise Zone development plan. Three new zones are coming online: Grand Rapids (\$626,150), Flint (\$49,957), and River Rouge (\$7,090).	Restricted	7,400,000	2,300,000
	GF/GP	\$0	\$0
11. Federal School Lunch Programs (Sec. 31d)	Gross	\$537,200,000	\$12,800,000
Increases federal school lunch funding by \$12.8 million for a total of \$550.0 million. Revises language, for FY 2020-21 only, to be consistent with federal guidelines due to COVID-19.	Federal	537,200,000	12,800,000
	Restricted	0	0
	GF/GP	\$0	\$0

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<u>Major Budget Changes From FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 7/31/20)	FY 2020-21 Conference Change
12. Locally Grown Produce in Schools (Sec. 31j)	Gross	\$575,000	\$1,425,000
Increases by \$1.4 million Gross to \$2.0 million Gross (\$200,000 GF/GP) to support districts and sponsors of child care centers in the purchase of locally grown fruits and vegetables. Expands program from 5 prosperity regions to districts and sponsors of child care centers statewide. If MDE administers the program for a recipient, permits MDE to retain up to 10% of that recipient's funds for administration or distribute some or all of that 10% to program partners as appropriate. Requires a recipient to provide monthly data to MDE and report on outcomes within 60 days after the end of the school year. Requires MDE to provide a legislative report by November 1, 2021.	Restricted	0	1,800,000
	GF/GP	\$575,000	(\$375,000)
13. Student Meal Debt Forgiveness (Sec. 31k) – NEW	Gross	\$0	\$1,000,000
Provides, for FY 2020-21 only, \$1.0 million SAF for reimbursements to districts that have forgiven all outstanding student meal debt. Recipients must adopt policies to prevent public identification or stigmatization of students who cannot pay for a school meal. Reimbursements may be prorated.	Restricted	0	1,000,000
	GF/GP	\$0	\$0
14. School Mental Health and Support Services (Sec. 31n)	Gross	\$31,300,000	\$5,600,000
Increases by \$5.6 million SAF for total of \$36.9 million Gross (\$1.3 million GF/GP). Increases the allocation for behavioral health providers in schools from \$6.5 million to \$9.3 million and requires funding to go to health centers that are part of the existing network. Increases the allocation for ISD mental health and support services from \$23.0 million to \$25.8 million and adds that ISD services may be provided by coordinating with outside mental health agencies. Permits districts or ISDs to carry over funds for up to 2 fiscal years.	Restricted	30,000,000	5,600,000
	GF/GP	\$1,300,000	\$0
15. Literacy Essentials (Sec. 35a(7))	Gross	\$1,000,000	\$3,000,000
Increases by \$3.0 million SAF for a total of \$4.0 million SAF the allocation to Gogebic-Ontonagon ISD, in partnership with an association that represents ISD administrators, for the literacy essentials program. Includes \$2.5 million for the placement of regional lead literacy coaches to facilitate professional learning for early literacy coaches and \$500,000 for principals literacy training using General Education Leadership Network (GELN) Pre-K and K-3 essential instructional practices in literacy. Permits the association partnering with Gogebic-Ontonagon ISD to retain 2% of funds for administration.	Restricted	1,000,000	3,000,000
	GF/GP	\$0	\$0
16. Michigan Education Corps (Sec. 35a(8)) – NEW	Gross	\$0	\$2,773,000
Provides \$2.8 million GF/GP to the Michigan Education Corps for the PreK Reading Corps, the K3 Reading Corps, and the Math Corps.	Restricted	0	0
	GF/GP	\$0	\$2,773,000
17. Summer School Literacy Intervention Grants (Sec. 35a(9))	Gross	\$5,000,000	(\$5,000,000)
Eliminates \$5.0 million SAF for grants for a summer school reading program for 3 rd grade students not proficient on the ELA portion of the M-STEP and for students in grades K-2 who are not reading at grade level.	Restricted	5,000,000	(5,000,000)
	GF/GP	\$0	\$0
18. Children's Choice Initiative (Sec. 35b)	Gross	\$0	\$250,000
Provides \$250,000 GF/GP for the Children's Choice Initiative for a multisensory structured language education program to improve reading proficiency rates. The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$250,000
19. Multisensory Education (Sec. 35c)	Gross	\$300,000	(\$300,000)
Eliminates \$300,000 SAF for a multisensory education pilot program.	Restricted	300,000	(300,000)
	GF/GP	\$0	\$0

SCHOOL AID**Major Budget Changes From FY 2019-20 YTD Appropriations**

FY 2019-20	FY 2020-21
Year-to-Date	Conference
(as of 7/31/20)	Change

20. Orton-Gillingham Program (Sec. 35d) – NEW	Gross	\$0	\$500,000
Provides \$500,000 GF/GP for grants to ISDs to purchase one or more components or trainings from an eligible one-on-one tutoring program (Orton-Gillingham) for children with dyslexia.	Restricted	0	0
	GF/GP	\$0	\$500,000
21. Boys and Girls Club (Sec. 35e) – NEW	Gross	\$0	\$1,000,000
Provides \$1.0 million GF/GP for a grant to the Michigan Alliance of Boys and Girls Clubs to provide early literacy and academic support to at-need youth.	Restricted	0	0
	GF/GP	\$0	\$1,000,000
22. Chaldean Community Foundation (Sec. 35f) – NEW	Gross	\$0	\$500,000
Provides \$500,000 GF/GP for the Chaldean Community Foundation to support and expand early childhood learning opportunities, improve early literacy achievement, increase high school graduation rates for new Americans, and assist with diploma acquisition, skills training, and postsecondary education.	Restricted	0	0
	GF/GP	\$0	\$500,000
23. Special Education (Secs. 51a, 51c, 51d, 53a, 54, & 56)	Gross	\$1,476,196,100	\$70,300,000
Increases by \$55.3 million SAF and \$15.0 million Federal to reflect revised consensus cost estimates for special education costs. Total estimated special education expenditures for FY 2020-21 are \$1.5 billion.	Federal	431,000,000	15,000,000
	Restricted	1,023,996,100	55,300,000
	GF/GP	\$0	\$0
24. Play Project – Autism Intervention (Sec. 54e)	Gross	\$350,000	(\$350,000)
Eliminates \$350,000 GF/GP for a pilot program to train at least 60 Early On providers in the components of evidence-based, parent-implemented models of intervention for the treatment of autism.	Restricted	0	0
	GF/GP	\$350,000	(\$350,000)
25. Conductive Learning (Sec. 55)	Gross	\$0	\$250,000
Includes \$250,000 GF/GP to the Conductive Learning Center at Aquinas College to support ongoing operations. The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$250,000
26. CTE Early/Middle Colleges (Sec. 61b)	Gross	\$8,000,000	\$0
Maintains \$8.0 million SAF but revises from funding ISDs in prosperity regions and subregions to funding ISDs in career education planning districts (CEPDs). Requires MDE to align CEPDs, workforce development board service delivery areas, and ISDs to create one regional strategic plan for each service delivery area. Revises from funding on CTE costs per pupil for the current year to the prior year.	Restricted	8,000,000	0
	GF/GP	\$0	\$0
27. MITES Grant (Sec. 67a) – NEW	Gross	\$0	\$50,000
Includes \$50,000 GF/GP for a grant to the Michigan Industrial Technology Education Society (MITES) to provide industrial and technological education and workforce preparation for students and professional development opportunities and support for teachers.	Restricted	0	0
	GF/GP	\$0	\$50,000
28. AP, IB, and CLEP Incentive Program (Sec. 94)	Gross	\$1,000,000	\$200,000
Increases by \$200,000 GF/GP to a total of \$1.2 million GF/GP for an incentive program that pays for some or all of the Advanced Placement (AP), International Baccalaureate (IB), and College-Level Examination Program (CLEP) registration and test fees for low-income students. The program requires that a student pay at least \$5 for each test.	Restricted	0	0
	GF/GP	\$1,000,000	\$200,000

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<u>Major Budget Changes From FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 7/31/20)	FY 2020-21 Conference Change
29. Center for Educational Performance and Information (CEPI) (Sec. 94a)	Gross	\$16,045,800	\$411,400
Restores \$411,400 GF/GP that was reduced in the FY 2019-20 supplemental (2020 PA 146). The reduction reflected a 2.5% savings from hiring and spending freezes in FY 2019-20. (See Economic Adjustments below, which reflects an additional increase of \$391,700 for CEPI).	Restricted	0	0
	GF/GP	\$16,045,800	\$411,400
30. LAUNCH MI (Sec. 94b) – NEW	Gross	\$0	\$100
Provides \$100 GF/GP to the newly created Connecting Information in Education Committee. Requires the committee to consult with MDE, CEPI, the executive branch, the legislature, education stakeholders, and other NGOs to provide recommendations based on research to school leaders and educators as they implement best practices.	Restricted	0	0
	GF/GP	\$0	\$100
31. Statewide Evaluation Tool (Sec. 95b)	Gross	\$0	\$2,000,000
Provides \$2.0 million GF/GP for a model value-added growth and projection analytics system. The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$2,000,000
32. Michigan Virtual University (Sec. 98)	Gross	\$6,312,500	\$1,187,500
Increases by \$1.2 million GF/GP to a total of \$7.5 million GF/GP for Michigan Virtual University (MVU).	Restricted	0	0
	GF/GP	\$6,312,500	\$1,187,500
33. Michigan Learning Channel (Sec. 98d) – NEW	Gross	\$0	\$2,000,000
Includes \$2.0 million SAF for Northern Michigan University to support the Michigan Learning Channel (MLC). The MLC must provide 24/7 live broadcast of quality instructional content aligned with Michigan's K-12 standards.	Restricted	0	2,000,000
	GF/GP	\$0	\$0
34. FIRST Robotics (Sec. 99h)	Gross	\$4,700,000	\$0
Maintains \$4.7 million Gross appropriation, but reduces SAF by \$300,000 to \$4.4 million. Provides \$300,000 GF/GP for nonpublic schools to participate in competitive robotics or Science Olympiad programs. Expands from K-12 to PreK-12 programs. Revises to allow an applicant to provide a local in-kind or cash match from private or local funds for the 25% match requirement. Strikes 50% local match requirement for grants used for robotics events expenses. Revises coaching stipend from not more than \$1,500 for 1 coach per team to not more than \$1,500 per building for coaching. Allows grants previously awarded for state and world championships to go toward next levels of competition.	Restricted	4,700,000	(300,000)
	GF/GP	\$0	\$300,000
35. Women in Technology (Sec. 99i) – NEW	Gross	\$0	\$150,000
Includes \$150,000 GF/GP for the Michigan Council of Women in Technology Foundation to support the girls exploring together information technology clubs for middle and high school girls, where the clubs provide structured hands-on learning activities through a comprehensive technology focused curriculum.	Restricted	0	0
	GF/GP	\$0	\$150,000
36. Online Algebra Tool (Sec. 99t)	Gross	\$0	\$1,000,000
Provides \$1.0 million GF/GP for a statewide online algebra tool (Algebra Nation). The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$1,000,000
37. Imagine Learning (Sec. 99u)	Gross	\$0	\$1,500,000
Provides \$1.5 million GF/GP to Imagine Learning for an online mathematics tool and a program that provides explicit targeted literacy instruction (does not include Spanish language literacy software that was included in FY 2019-20). The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$1,500,000

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Major Budget Changes From FY 2019-20 YTD Appropriations	FY 2019-20 Year-to-Date (as of 7/31/20)	FY 2020-21 Conference Change	
38. Fitness Foundation (Sec. 99w)	Gross	\$0	\$400,000
Provides \$400,000 GF/GP for the Michigan Fitness Foundation to work with MDE to invest in a physical education curriculum. Adds that funds received for FY 2018-19 may be expended through September 30, 2021. The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$400,000
39. Teach for America (Sec. 99x)	Gross	\$0	\$1,000,000
Provides \$1.0 million GF/GP for Teach for America to host a summer training institute in Detroit, recruit teachers into a master teacher fellowship, and retain a committed alumni community. The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$1,000,000
40. Teacher Retention Stipend (Sec. 99z) – NEW	Gross	\$0	\$5,000,000
Provides \$5.0 million SAF for a statewide teacher retention stipend for first-year teachers who complete the 2020-21 school year as a full-time teacher at their district. Provides \$1,000 per teacher in a district in which at least 70% of students are economically disadvantaged and \$500 per teacher in all other districts. Requires districts to provide an additional \$500 match per teacher. Adds intent that payments continue in future years through an eligible teacher's third year of teaching if the teacher remains employed full-time in the same district.	Restricted	0	5,000,000
	GF/GP	\$0	\$0
41. MI Kindergarten Entry Observation Tool (MKEO) (Sec. 104(4))	Gross	\$2,500,000	(\$1,000,000)
Reduces by \$1.0 million SAF to a total of \$1.5 million SAF and suspends requirement for statewide implementation of the MKEO for fall 2020 due to the COVID-19 pandemic.	Restricted	2,500,000	(1,000,000)
	GF/GP	\$0	\$0
42. Distance Learning Study (Sec. 104(16)) – NEW	Gross	\$0	\$150,000
Provides \$150,000 GF/GP for an institution of higher education to assess distance learning programs utilized in Michigan that were effective, assess how those programs operated, assess best practices implemented by those programs, and note distance learning models that were ineffective.	Restricted	0	0
	GF/GP	\$0	\$150,000
43. Digital Literacy Training (Sec. 104f) – NEW	Gross	\$0	\$500,000
Includes \$500,000 GF/GP for an assessment digital literacy preparation program for pupils enrolled in grades K-8.	Restricted	0	0
	GF/GP	\$0	\$500,000
44. MPSERS (Secs. 147a, 147b, 147c, and 147e)	Gross	\$1,331,340,000	\$195,066,000
Increases total state support for K-12 MPSERS costs by \$195.1 million to a total of \$1.5 billion with the following changes:	Restricted	1,330,757,000	195,079,000
	GF/GP	\$583,000	(\$13,000)
<ul style="list-style-type: none"> • Sec. 147a(2): Reduces by \$16.9 million to \$155.2 million Gross (\$70,000 GF/GP) for reimbursements for employer normal costs. There is an increased cost due to the dedicated gains policy, which reduced the assumed rate of return (AROR) from 7.05% to 6.8%, and cost reduction to revise the formula to base reimbursements on a participating entity's quarterly payroll for Tier 1 (Defined Benefit) members, rather than a participating entity's percentage of total statewide payroll. • Sec. 147c: Increases the state share of the unfunded actuarial accrued liability (UAAL) by \$188.9 million for a total of \$1.2 billion Gross (\$500,000 GF/GP), largely due to implementing recommendations made by the 2018 Actuarial Experience Study. • Sec 147e: Increases by \$23.0 million for a total of \$51.4 million SAF for reimbursements for the increased normal costs associated with reforms under 2017 PA 92. 			

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<u>Major Budget Changes From FY 2019-20 YTD Appropriations</u>		<u>FY 2019-20 Year-to-Date (as of 7/31/20)</u>	<u>FY 2020-21 Conference Change</u>
45. Nonpublic School Reimbursement (Sec. 152b)	Gross	\$0	\$100
Provides \$100 to reimburse nonpublic schools for the costs of state statutory or administrative rule requirements related to the health, safety, and welfare of students. The Governor vetoed this section for FY 2019-20.	Restricted	0	0
	GF/GP	\$0	\$100
46. Economic Adjustments	Gross	NA	\$433,300
Reflects increased costs of \$433,300 Gross (\$391,700 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	41,600
	GF/GP	NA	\$391,700

Boilerplate Changes From FY 2019-20

Sec. 6. Pupil Membership Definitions – REVISED

Removes a provision allowing instruction by a noncertified, nonendorsed teacher to count toward class instruction.

Expands definition of “2-way interaction” to allow another district employee (besides the pupil’s teacher) who has responsibility for the student’s learning, grade progression, or academic progress to participate in the interaction. Removes provision requiring interaction to be initiated by the teacher.

Sec. 11p. Coronavirus Relief Fund – REVISED

Adds requirement that a district receiving funds under this section must, to the greatest extent practicable, continue to pay its employees and contractors during the period of any disruptions or closures related to coronavirus.

Sec. 17c. Grant Process Timeline – REVISED

Revises deadline for MDE to open grant applications from September 1 to September 1 or 30 days after the school aid budget is enacted, whichever is later. Revises month that information on non-federal grants be placed on the State Board agenda from August to August or the first month after the budget is enacted, whichever is later.

Sec. 18. Spending, Financial Reporting, and Audit Requirements – REVISED

Provides that a district must not be prohibited or limited from using funds under this article that are permitted for noninstructional services to contract or subcontract with an ISD, third party, or vendor.

For FY 2020-21 only, extends deadline for each district and ISD to report to CEPI annual comprehensive data to the first business day in December.

Beginning October 1, 2020 and annually thereafter, requires MDE to submit to the legislature an itemized list of allocations to any association or consortium of associations in the immediately preceding year, including recipients, amounts, and funding purposes.

Sec. 21h. Partnership Model Districts – REVISED

Adds that funds under this section are also for districts that have established a CEAC, are required to submit a deficit elimination plan or enhanced deficit elimination plan, and are in a city with a population between 9,000 and 11,000 that is in a county with a population between 155,000 and 160,000 (Benton Harbor). Also adds that the partnership is to improve district financial stability. Requires the State Superintendent to collaborate with the State Treasurer to identify any conditions that may be contributing to low academic performance within a district and consult with the State Treasurer in assigning a district to a partnership.

Revises eligibility requirements for funding to all of the following: include at least one school identified as low performing under the approved federal or state accountability system; complete a comprehensive needs evaluation or assessment within 90 days of assignment or by October 15 if the district is not a partnership district; develop an academic and financial operating or intervention plan; and craft academic goals that put pupils on track to meet or exceed grade level proficiency.

Requires MDE to consult with the Department of Treasury on its annual report to the legislature and strikes that the report be in person.

Boilerplate Changes From FY 2019-20

Secs. 22a, 22b, & 51c. Cost Adjustment Process – REVISED

Adds that unexpended funds under Secs. 22a, 22b, and 51c may be used to supplement allocations under any of these three sections without requiring an official transfer request in order to fully fund those allocations. Requires the State Budget Director to notify the House and Senate subcommittees on school aid and the House and Senate fiscal agencies within 14 days of any fund transfers under this process.

Sec. 22p. Partnership District Discretionary Payment – REVISED

Revises the requirements for a district assigned as a partnership district to receive funding under Sec. 22b as follows: adds that the measurable academic outcomes in the partnership agreement include at least one proficiency or growth outcome based on state assessments; allows, for FY 2020-21 only, that a proficiency or growth outcome may be based on a benchmark assessment described in Sec. 104; if a traditional local district fails to meet outcomes, requires the accountability measures to include reconstitution, which may include school closure (for PSAs, the decision to reconstitute is the responsibility of the authorizer). Specifies that a partnership agreement be for 3 years.

If a district does not close the building under reconstitution, revises the requirements of reconstitution as follows: maintains requirement that significant data-based changes are made to programming; rather than require the principal to be replaced, requires the district to review whether the principal should be replaced; and revises deadline from 5 years to 3 years for the district to meet the goals of the reconstitution plan or face a second reconstitution.

Adds that a district must have a signed partnership agreement within 90 days of assignment or funding under Sec. 22b is withheld until the agreement is in place.

Sec. 31a. At-Risk – REVISED

Provides intent that if revenues are sufficient to fully fund At-Risk allocations, the percentage of the allocations to districts with revenue per pupil greater than the Target Foundation for both the current and prior year be increased annually until it reaches 100% (currently, all At-Risk allocations are prorated to approximately 79% and districts with revenue greater than the Target are discounted to 30% of the prorated allocation).

Provides that MDE may use the economically disadvantaged student count from the supplemental count day if the count as normally calculated varies by more than 20 percentage points from the previous year due to an egregious reporting error.

Allows unexpended funds under the subsection (16) hold harmless provision to be allocated to districts in the same manner as the At-Risk formula in (4).

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

Revises deadline for MDE to report to the legislature on ISD use of community-based providers from December 1 to March 1.

For FY 2020-21 only, revises the requirement that ISDs charge tuition on a sliding scale for families with income greater than 250% of Federal Poverty Guidelines (FPG) to require starting at greater than 400% of FPG.

For FY 2020-21 only, waives required hours, days, and weeks and instead requires that programming be provided, in-person or remotely, in the amount of hours, days, and weeks necessary to deliver the content that would have been provided in a non-pandemic year. Requires MDE to provide uniform guidance for age-appropriate instruction practices regarding remote means for pandemic learning.

For FY 2020-21 only, waives household income eligibility thresholds. Maintains requirement that children in quintiles with the lowest household income be prioritized first, but expands to allow adding children until all slots are filled, with no cap on household income.

Provides that children served in FY 2020-21 will not be used to determine funding for FY 2020-21 or hold harmless funding for FY 2021-22. Hold harmless funding for FY 2021-22 will be determined based on FY 2019-20 final allocations.

Allows remaining funds in FY 2020-21 to be used for the betterment of GSRP as approved by MDE. Requires all eligible children on waitlists to be served before any remaining funds may be spent.

SCHOOL AID

Boilerplate Changes From FY 2019-20

Sec. 32p. Early Childhood Block Grants – REVISED

Revises goals of home visits by striking “to reduce the number of pupils retained in grade level” and “to reduce the number of pupils requiring special education services.” Restricts carryover funds for great start collaboratives and parent coalitions at 30% for FY 2020-21 and provides intent this percentage decrease to 20% in FY 2021-22 and 15% in FY 2022-23.

Sec. 35a(5). Added Instructional Time – REVISED

Revises from supporting pupils in grade K-3 to PreK-3 or, for FY 2020-21 only, pupils in grades PreK-12.

Sec. 39. GSRP Per Pupil Allocation Formula – REVISED

Includes children served exclusively by Head Start in the calculation used for determining if an ISD or consortium of ISDs is eligible for additional funds

Sec. 98a. Extended COVID-19 Learning Plan – REVISED

For the 2020-21 school year only, requires districts to submit their monthly reconfirmed instructional delivery method to CEPI, including whether the district is offering higher levels of in-person instruction for English language learners, special education students, or other special populations.

Expands definition of “2-way interaction” to allow another district employee (besides the pupil’s teacher) who has responsibility for the student’s learning, grade progression, or academic progress to participate in the interaction. Removes provision requiring interaction to be initiated by the teacher.

Revises deadline for ISDs and PSA authorizers to approve districts’ extended learning plans from October 1, 2020 to October 9, 2020. Revises deadline for the plans to be posted to districts’ websites from October 1, 2020 to October 12, 2020.

Requires districts to report by January 15, 2021 on the amount and type of training provided to teachers through professional development that was focused on how to deliver virtual content, and on the amount and type of training provided to parents and students on how to access and use virtual content provided by the district. Requires districts to publish the report on their website.

Sec. 101. Eligibility to Receive State Aid – REVISED

For a district that receives a waiver reducing the required daily pupil attendance threshold from 75% to 50%, extends the waiver to be valid for 3 fiscal years rather than 1 year, unless the waiver is revoked by the State Superintendent. Also extends from 1 year to 3 years a waiver from minimum number of days and hours for alternative education programs.

Revises provision for FY 2020-21 only that waives the 75% daily attendance threshold and replaces with a monthly 2-way interaction requirement as follows: adds that districts need to meet the monthly requirement for a period of at least 9 months in the school year and that districts may choose when the period occurs; if requirement is not met, revises proration formula from the proportion of 1/10 to the proportion of 1/9 that the actual percentage of interaction during each month bears to 75%.

Expands definition of “2-way interaction” to allow another district employee (besides the pupil’s teacher) who has responsibility for the student’s learning, grade progression, or academic progress to participate in the interaction. Removes provision requiring interaction to be initiated by the teacher.

Sec. 104. Assessment Funding – REVISED

Extends from August 1, 2021 to September 1, 2021 the deadline for MDE and CEPI to report on the number and percentage of pupils who are significantly behind grade level based on benchmark assessments under this section.

Sec. 104g. SAT/PSAT – NEW

For FY 2020-21 only, requires districts to make the SAT and PSAT available in fall 2020 to students who were not able to take the exams during the FY 2019-20 year. Prohibits the exams offered under this section from being considered state summative assessments or the college entrance portion of the MME for the 2020-21 school year. Requires that students be encouraged, but not required, to take the exams.

Secs. 105 & 105c. Schools of Choice – REVISED

For FY 2020-21 only, revises deadline for districts to accept applications for nonresident enrollment, notify parents, and enroll nonresident applicants from the end of the first week of school to October 13, 2020, if an application was received by the end of the first week of school.

Boilerplate Changes From FY 2019-20

Sec. 107. Adult Education – REVISED

Adds that an adult education or career technical center program that links participants with adult education programming and commercial driver license (CDL) courses is exempt from the requirement to enroll the participants in a technical course.

Adds intent to implement a phased-in cap on the percentage of adult education program participants that may already have a high school diploma or high school equivalency certificate.

Sec. 163. Educator Certification Requirements – REVISED

Requires districts to hire educators who hold a valid certificate or a valid substitute permit.

Sec. 296. Automatic Proration – REVISED

Revises protected payments in the case of automatic proration as follows: adds Sec. 11m (Cash-Flow Borrowing), Sec. 26c (Promise Zones), Sec. 147c (MPERS Unfunded Liability Payments), and Sec. 147e(2)(a) (Additional Contributions for Tier 2 Accounts); removes Sec. 11f (Durant Non-Plaintiff Cash Payments) and Sec. 11g (Durant Non-Plaintiff Debt Service), which no longer appropriate funds; and updates outdated reference from Sec. 51a(12) to Sec. 51a(11) (Special Education ISD Foundations for Non-Sec. 52).

FY 2019-20 Supplemental Appropriation Items

**Appropriation
Change**

SCHOOL AID

1. Revenue Fund Shift

Revises revenues for a net zero change: reduces GF/GP by \$168.9 million and increases School Aid Fund by \$168.9 million.

Gross	\$0
Restricted	168,940,000
GF/GP	(\$168,940,000)

SCHOOL AID LINE ITEM SUMMARY



Sec.	FY 2019-2020			FY 2020-2021	
	FY 20 SB 373 YTD	Change from YTD	FY 20 Supplemental SB 927	FY 21 Change from YTD	FY 21 SB 927
11d	Per-Pupil School Aid Payment - NEW				
		(\$256,000,000)	(\$256,000,000)	\$351,000,000	\$95,000,000
11j	School Bond Redemption Fund	\$111,000,000	\$111,000,000		\$111,000,000
11m	Cash Flow Borrowing Costs	\$7,000,000	\$7,000,000	\$4,400,000	\$11,400,000
11p	Coronavirus Relief Fund Federal Funding	\$512,000,000	\$512,000,000	(\$512,000,000)	\$0
11s	Flint Declaration of Emergency	\$8,075,100	\$8,075,100		\$8,075,100
20f	Categorical Offset Payments	\$18,000,000	\$18,000,000		\$18,000,000
21h	Partnership Model Districts	\$6,000,000	\$6,000,000	\$137,400	\$6,137,400
22a	Foundations: Proposal A Obligation Payment	\$4,916,000,000	\$4,916,000,000	(\$35,500,000)	\$4,880,500,000
22b	Foundations: Discretionary Payment	\$4,575,000,000	\$4,575,000,000	(\$8,500,000)	\$4,566,500,000
22d	Isolated District Funding	\$7,000,000	\$7,000,000		\$7,000,000
22m	Technology Regional Data Hubs	\$2,200,000	\$2,200,000		\$2,200,000
24	Court-Placed Pupils	\$7,150,000	\$7,150,000		\$7,150,000
24a	Juvenile Detention Facility Programs	\$1,355,700	\$1,355,700		\$1,355,700
25f	Strict Discipline Academy	\$1,600,000	\$1,600,000		\$1,600,000
25g	Dropout Recovery Programs	\$750,000	\$750,000		\$750,000
25i	Attendance Recovery - NEW	\$0	\$0	\$2,000,000	\$2,000,000
25j	Virtual Learning Support Grants - NEW	\$0	\$0	\$2,000,000	\$2,000,000
26a	Renaissance Zone Reimbursement	\$15,300,000	\$15,300,000		\$15,300,000
26b	PILT Reimbursement	\$4,641,100	\$4,641,100	\$3,900	\$4,645,000
26c	Promise Zone Funding	\$7,400,000	\$7,400,000	\$2,300,000	\$9,700,000
29a	Increasing Enrollment - NEW	\$0	\$0	\$66,000,000	\$66,000,000
31a	At-Risk Pupil Support	\$510,000,000	\$510,000,000		\$510,000,000
31a(7)	School Based Health Centers	\$8,000,000	\$8,000,000		\$8,000,000
31a(8)	Hearing and Vision Screening	\$5,150,000	\$5,150,000		\$5,150,000
31a(16)	At-Risk Pupil Hold Harmless	\$12,000,000	\$12,000,000		\$12,000,000
31d	State School Lunch Programs	\$23,144,000	\$23,144,000		\$23,144,000
31d	Federal School Lunch Programs	\$537,200,000	\$537,200,000	\$12,800,000	\$550,000,000
31f	School Breakfast Program	\$4,500,000	\$4,500,000		\$4,500,000
31j	Local Produce in School Meals	\$575,000	\$575,000	\$1,425,000	\$2,000,000
31k	School Meal Debt - NEW	\$0	\$0	\$1,000,000	\$1,000,000
31n	School Mental Health and Support Services	\$31,300,000	\$31,300,000	\$5,600,000	\$36,900,000
32d	Great Start Readiness Program	\$249,950,000	\$249,950,000		\$249,950,000
32p	Early Childhood Block Grants	\$13,400,000	\$13,400,000		\$13,400,000
35a(4)	Early Literacy Teacher Coaches	\$31,500,000	\$31,500,000		\$31,500,000
35a(5)	Early Literacy Added Instructional Time	\$19,900,000	\$19,900,000		\$19,900,000
35a(7)	Literacy Essentials	\$1,000,000	\$1,000,000	\$3,000,000	\$4,000,000
35a(8)	Michigan Education Corps	\$0	\$0	\$2,773,000	\$2,773,000
35a(9)	Summer School Literacy Intervention Grants	\$5,000,000	\$5,000,000	(\$5,000,000)	\$0
35b	Children's Choice	\$0	\$0	\$250,000	\$250,000
35c	Multisensory Education	\$300,000	\$300,000	(\$300,000)	\$0
35d	Orton Gilligham Dyslexic Program - NEW	\$0	\$0	\$500,000	\$500,000
35e	Boys and Girls Club - NEW	\$0	\$0	\$1,000,000	\$1,000,000
35f	Chaldean Community Foundation - NEW	\$0	\$0	\$500,000	\$500,000
39a(1)	Federal ESSA Grant Funds	\$725,600,000	\$725,600,000	\$23,600,000	\$749,200,000
39a(2)	Other Federal Funding	\$49,100,000	\$49,100,000	\$5,900,000	\$55,000,000
41	English Language Learner Grants	\$13,000,000	\$13,000,000		\$13,000,000
51a(1)	Special Education - Federal Reimbursement	\$370,000,000	\$370,000,000	\$5,000,000	\$375,000,000
51a(2)	Special Ed ISD Foundation and Costs	\$286,900,000	\$286,900,000	\$20,600,000	\$307,500,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,000,000	\$1,000,000		\$1,000,000
51a(6)	Special Ed Admin Rules Changes	\$2,200,000	\$2,200,000		\$2,200,000
51a(11)	Special Ed Foundations for Non Sec. 52 to ISDs	\$3,100,000	\$3,100,000	(\$100,000)	\$3,000,000
51c	Special Ed Headlee Obligation (Durant)	\$678,600,000	\$678,600,000	\$34,800,000	\$713,400,000
51d	Special Education - Other Federal Grants	\$61,000,000	\$61,000,000	\$10,000,000	\$71,000,000
51f	Special Education Cost Reimbursement	\$60,207,000	\$60,207,000		\$60,207,000
53a	Special Ed for Court Placed Pupils	\$10,500,000	\$10,500,000		\$10,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000	\$1,688,000		\$1,688,000
54b	Special Education Task Force Reforms (MiBLSI)	\$1,600,000	\$1,600,000		\$1,600,000
54d	Spec. Ed. Task Force - Early On	\$7,150,000	\$7,150,000		\$7,150,000
54e	PLAY Project - Autism Intervention	\$350,000	\$350,000	(\$350,000)	\$0
55	Conductive Learning	\$0	\$0	\$250,000	\$250,000
56	Special Ed ISD Millage Equalization	\$40,008,100	\$40,008,100		\$40,008,100
61a	Career & Tech Ed Programs	\$37,611,300	\$37,611,300		\$37,611,300
61b	Career & Tech Ed Early/Middle College	\$8,000,000	\$8,000,000		\$8,000,000
61d	CTE Incentive Payment	\$5,000,000	\$5,000,000		\$5,000,000
62	ISD Career & Tech Ed Millage Equalization	\$9,190,000	\$9,190,000		\$9,190,000
65	Detroit PreCollege Engineering	\$400,000	\$400,000		\$400,000
67	Career and College Readiness Tools	\$3,000,000	\$3,000,000		\$3,000,000
67a	MITES - NEW	\$0	\$0	\$50,000	\$50,000

SCHOOL AID LINE ITEM SUMMARY



Sec.	FY 2019-2020			FY 2020-2021	
	FY 20 SB 373 YTD	Change from YTD	FY 20 Supplemental SB 927	FY 21 Change from YTD	FY 21 SB 927
74	\$2,025,000		\$2,025,000		\$2,025,000
74	\$1,747,900		\$1,747,900	\$41,600	\$1,789,500
81	\$69,138,000		\$69,138,000		\$69,138,000
94	\$1,000,000		\$1,000,000	\$200,000	\$1,200,000
94a	\$16,045,800		\$16,045,800	\$803,100	\$16,848,900
94a	\$193,500		\$193,500		\$193,500
94b	\$0		\$0	\$100	\$100
95b	\$0		\$0	\$2,000,000	\$2,000,000
98	\$6,312,500		\$6,312,500	\$1,187,500	\$7,500,000
98a	\$0		\$0	\$150,000	\$150,000
98d	\$0		\$0	\$2,000,000	\$2,000,000
99h	\$3,900,000		\$3,900,000	\$800,000	\$4,700,000
99i	\$0		\$0	\$150,000	\$150,000
99s(2)(3)	\$3,050,000		\$3,050,000		\$3,050,000
99s(4)	\$235,000		\$235,000		\$235,000
99s(4)(6)	\$4,584,300		\$4,584,300		\$4,584,300
99s(11)	\$300,000		\$300,000		\$300,000
99t	\$0		\$0	\$1,000,000	\$1,000,000
99u	\$0		\$0	\$1,500,000	\$1,500,000
99w	\$0		\$0	\$400,000	\$400,000
99x	\$0		\$0	\$1,000,000	\$1,000,000
99z	\$0		\$0	\$5,000,000	\$5,000,000
104	\$26,009,400		\$26,009,400	\$5,000,000	\$31,009,400
104	\$6,250,000		\$6,250,000		\$6,250,000
104f	\$0		\$0	\$500,000	\$500,000
107	\$30,500,000		\$30,500,000		\$30,500,000
147a(1)	\$100,000,000		\$100,000,000		\$100,000,000
147a(2)	\$172,069,000		\$172,069,000	(\$16,863,000)	\$155,206,000
147c	\$1,030,900,000		\$1,030,900,000	\$188,900,000	\$1,219,800,000
147e	\$28,371,000		\$28,371,000	\$23,029,000	\$51,400,000
152a	\$38,000,500		\$38,000,500		\$38,000,500
152b	\$0		\$0	\$100	\$100
TOTAL APPROPRIATIONS	\$15,313,227,200	\$0	\$15,313,227,200	\$211,937,700	\$15,525,164,900

**COMMUNITY COLLEGES
Summary: Conference Report
Article 2, Senate Bill 927 (H-1) CR-1**

Analyst: Perry Zielak

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Conference	Difference: Conference From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	414,719,000	425,667,600	10,948,600	2.6
GF/GP	0	0	0	--
Gross	\$414,719,000	\$425,667,600	\$10,948,600	2.6

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Community Colleges budget, contained in Article II of the compiled School Aid Act, provides funding for operational support of the 28 public community colleges located throughout the state. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associate degrees, career and technical education, developmental and remedial education, continuing education, and 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 2019-20 YTD Appropriations

1. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment

Increases funding by \$10.8 million School Aid Fund (SAF) for the state's share of community colleges' UAAL to MPERS, a 14.8% increase, due to implementing recommendations made by the 2018 Actuarial Experience Study. The state's share is the difference between the calculated UAAL contribution 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 the state share of MPERS would be \$83.9 million SAF.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
Gross	\$73,100,000	\$10,800,000
Restricted	73,100,000	10,800,000
GF/GP	\$0	\$0

2. MPERS Normal Cost Offset

Increases funding by \$182,000 SAF for the community colleges' normal cost portion, a 1.5% increase, which would cover the cost to lower the assumed rate of return for MPERS from 7.05% to 6.8% due to the dedicated gains policy. Total funding for the MPERS Normal Cost Offset would be \$12.4 million SAF.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
Gross	\$12,212,000	\$182,000
Restricted	12,212,000	182,000
GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2019-20 YTD Appropriations</u>	<u>FY 2019-20 Year-to-Date (as of 2/6/20)</u>	<u>FY 2020-21 Conference Change</u>
3. North American Indian Tuition Waiver Funding	Gross	\$1,819,100
Reduces funding by \$33,400 SAF for the North American Indian Tuition Waiver program. Funding was adjusted to match each community college's most recent reported cost in providing the tuition waiver to eligible students. The appropriation is a delineated category within each community college's operations funding line. Total ITW program funding would be \$1.8 million SAF.	Restricted	(\$33,400)
	GF/GP	(33,400)
		\$0
		\$0

Boilerplate Changes From FY 2019-20

Sec. 201a. FY 2020-21 Appropriations – DELETED

Deletes legislative intent language for FY 2020-21 appropriations to be the same as those for FY 2019-20, adjusted for caseloads, available federal funds, economic factors, and available revenue, with an estimated MPSERS FY 2020-21 payment to be \$98.5 million.

Sec. 201c. FY 2019-20 Coronavirus Relief Fund Allocations – DELETED

Deletes language that specified FY 2019-20 individual community college allocations, stated that a community college must comply with all the requirements of the CARES Act, and community colleges found not to be in compliance with the act must return the funds allocated or have future appropriations withheld.

Sec. 206. Appropriations Payment Schedule and Reporting Requirements – REVISED

Provides for payment of appropriations in 11 installments per year to community colleges; directs Department of Treasury to withhold appropriations if colleges fail to submit Michigan Community Colleges Data Inventory (MCCDI) data, longitudinal data system data, annual independent audits, tuition and fee information, and degree and certificate award data as required. Changes reporting date for MCCDI from first business day of November to the first business day of December for FY 2020-21 only.

Sec. 209. Transparency Website and Reporting Requirements – REVISED

Requires colleges to post specified information on their websites, including: annual operating budgets, general fund revenue and expenditure projections, a listing of debt service obligations, collective bargaining agreements, health care benefit plans, audits and financial reports, and information on dual enrollment programs and other opportunities for earning college credit while in high school. Changes reporting date on current fiscal year data from November 15 to December 15 for FY 2020-21 only. Deletes requirement to report dual enrollment programs and high school college credit data to the Center for Educational Performance and Information (CEPI).

Sec. 210f. Articulation Agreements and Academic Partnerships Reporting – DELETED

Deletes language that requires the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) to report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

Sec. 222. Community College Annual Financial Audit and Reporting – REVISED

Requires colleges to submit audited financial statements to CEPI before November 15. CEPI will then provide the information to various state agencies. Changes reporting date to submit audits from November 15 to December 15 for FY 2020-21 only.

Sec. 223. North American Indian Tuition Waiver Reporting Requirements – REVISED

Requires community colleges to report to the Department of Civil Rights on the number of North American Indian tuition waiver applications received and approved, the number and monetary value of the waivers, the number of students with waivers who withdrew from school, and the number of students with waivers who completed a degree or certificate program. Changes reporting due date from February 15 to January 15. Adds reporting requirement for tribal institutions that receive program funding to report tuition waiver data to the department.

Sec. 226a. Student Loan and Financial Aid Website – NEW

Adds language that requires community colleges to post a link on their homepage to the website created by the Department of Treasury containing various student loan and other financial aid information.

COMMUNITY COLLEGES

Boilerplate Changes From FY 2019-20

Sec. 226b. 2020-21 Academic Year and Covid-19 Reporting Requirements – NEW

Adds language that requires community colleges to report various enrollment and student residential data for the 2020-21 academic year by September 30, 2021. Requires community colleges to report information related to online and Covid-19 fees, along with Covid-19 mitigation strategies and related data by November 1, 2020.

Sec. 226d. Free and Open Speech Policies Reporting Requirement – NEW

Adds language that requires community colleges to report on activities related to strategic planning or assessment of policies that provide for open and free speech while protecting students from hate speech and discrimination.

Sec. 226e. 60% Post-Secondary Degree, Certification or Credential Obtainment Goal – NEW

Adds legislative intent language that sets a goal of 60% of Michigan residents to obtain a post-secondary credential, certification or degree by 2030.

Sec. 229. Veterans and Active Soldiers Notice on Applications and Tuition and Fee Rates – REVISED

States each community college is expected to include in its application for admission a specific question as to whether the applicant is a current or former member of the armed forces. Urges colleges to work with various organizations to review the issue of in-district tuition for veterans. Adds requirement that community colleges provide reasonable programming and scheduling accommodation for a student's military, military reserves or National Guard training and duty obligations.

Sec. 230. Performance Formula Detail and Local Strategic Value Categories – REVISED

States the formula by which the amount available for performance funding (which is the amount of the annual increase in funding for community college operations) is allocated. States that community colleges must participate and submit semi-annual updates to the Michigan Transfer Network to receive performance funding payments. Revises formula to change the weighted student contact hour category from 25% to 30% and removes the lowest taxable value colleges category. States the formula does not apply to fiscal year 2020-21.

FY 2020-21 Community College Operations Appropriations
Conference Summary

% of Formula:		30%	10%	10%	10%	30%	5%	5%								
New Money:		\$0	\$0	\$0	\$0	\$0	\$0	\$0								
	FY 2019-20															
	Indian Tuition Waiver Payment	FY 2019-20 Base	Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Performance Funding	FY 2019 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	*Total Indian Tuition Waiver Payment	FY 2020-21 Appropriation	% Change	
Alpena	\$19,300	\$5,772,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,200	(5,100)	\$14,200	\$5,767,500	(0.1%)	
Bay de Noc	137,900	5,740,700	0	0	0	0	0	0	0	0	116,700	(21,200)	\$116,700	\$5,719,500	(0.4%)	
Delta	40,900	15,201,400	0	0	0	0	0	0	0	0	47,700	6,800	\$47,700	\$15,208,200	0.0%	
Glen Oaks	1,200	2,652,400	0	0	0	0	0	0	0	0	0	(1,200)	\$0	\$2,651,200	0.0%	
Gogebic	59,900	4,933,600	0	0	0	0	0	0	0	0	49,600	(10,300)	\$49,600	\$4,923,300	(0.2%)	
Grand Rapids	240,300	19,013,400	0	0	0	0	0	0	0	0	233,900	(6,400)	\$233,900	\$19,007,000	(0.0%)	
Henry Ford	41,600	22,574,700	0	0	0	0	0	0	0	0	24,500	(17,100)	\$24,500	\$22,557,600	(0.1%)	
Jackson	46,700	12,802,900	0	0	0	0	0	0	0	0	58,000	11,300	\$58,000	\$12,814,200	0.1%	
Kalamazoo Valley	56,000	13,155,900	0	0	0	0	0	0	0	0	63,800	7,800	\$63,800	\$13,163,700	0.1%	
Kellogg	79,400	10,346,500	0	0	0	0	0	0	0	0	61,600	(17,800)	\$61,600	\$10,328,700	(0.2%)	
Kirtland	34,600	3,393,000	0	0	0	0	0	0	0	0	36,400	1,800	\$36,400	\$3,394,800	0.1%	
Lake Michigan	11,300	5,714,000	0	0	0	0	0	0	0	0	8,600	(2,700)	\$8,600	\$5,711,300	0.0%	
Lansing	153,900	33,005,900	0	0	0	0	0	0	0	0	158,000	4,100	\$158,000	\$33,010,000	0.0%	
Macomb	36,000	34,312,100	0	0	0	0	0	0	0	0	43,400	7,400	\$43,400	\$34,319,500	0.0%	
Mid-Michigan	140,100	5,324,500	0	0	0	0	0	0	0	0	124,800	(15,300)	\$124,800	\$5,309,200	(0.3%)	
Monroe County	900	4,747,100	0	0	0	0	0	0	0	0	500	(400)	\$500	\$4,746,700	0.0%	
Montcalm	5,700	3,576,300	0	0	0	0	0	0	0	0	7,100	1,400	\$7,100	\$3,577,700	0.0%	
Mott	13,400	16,453,400	0	0	0	0	0	0	0	0	24,000	10,600	\$24,000	\$16,464,000	0.1%	
Muskegon	77,300	9,366,400	0	0	0	0	0	0	0	0	73,900	(3,400)	\$73,900	\$9,363,000	0.0%	
North Central	177,900	3,567,200	0	0	0	0	0	0	0	0	173,400	(4,500)	\$173,400	\$3,562,700	(0.1%)	
Northwestern	246,700	9,813,800	0	0	0	0	0	0	0	0	276,000	29,300	\$276,000	\$9,843,100	0.3%	
Oakland	23,700	22,235,400	0	0	0	0	0	0	0	0	35,100	11,400	\$35,100	\$22,246,800	0.1%	
Schoolcraft	67,000	13,263,200	0	0	0	0	0	0	0	0	40,300	(26,700)	\$40,300	\$13,236,500	(0.2%)	
Southwestern	39,700	7,019,100	0	0	0	0	0	0	0	0	37,200	(2,500)	\$37,200	\$7,016,600	(0.0%)	
St. Clair	8,500	7,393,700	0	0	0	0	0	0	0	0	3,400	(5,100)	\$3,400	\$7,388,600	(0.1%)	
Washtenaw	31,000	13,886,900	0	0	0	0	0	0	0	0	32,300	1,300	\$32,300	\$13,888,200	0.0%	
Wayne County	8,500	17,601,900	0	0	0	0	0	0	0	0	14,900	6,400	\$14,900	\$17,608,300	0.0%	
West Shore	19,800	2,605,400	0	0	0	0	0	0	0	0	26,500	6,700	\$26,500	\$2,612,100	0.3%	
Total	\$1,819,200	\$325,473,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,785,800	(\$33,400)	\$1,785,800	\$325,440,000	0.0%	

Data Notes		
Component	Source	Years
Performance improvement	CEPI	FYs 2016-2018
Performance completion number	Federal IPEDS	FYs 2016-2018
Performance completion rate	CEPI	FYs 2016-2018
Contact hours	State MCCDI	FY 2019
Administrative	State MCCDI	FYs 2018-2019

* Beginning in FY 2019-20, Indian Tuition Waiver Payments were unrolled from the Operations base amounts. ITW Adjustment amounts are made from the prior fiscal year's ITW payment compared to the most recent reported waiver cost. ITW Payments are listed as "Indian Tuition Waiver Costs Incurred" that is broken out in each community college's operations listing in the budget bill

HIGHER EDUCATION

**HIGHER EDUCATION
Summary: Conference Report
Article 3, Senate Bill 927 (H-1) CR-1**

Analyst: Perry Zielak

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Conference	Difference: Conference From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	134,026,400	126,026,400	(8,000,000)	(6.0)
Local	0	0	0	--
Private	0	0	0	--
Restricted	349,419,300	356,063,300	6,644,000	1.9
GF/GP	1,207,949,300	1,217,835,700	9,886,400	0.8
Gross	\$1,691,395,000	\$1,699,925,400	\$8,530,400	0.5

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Higher Education budget, 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 2019-20 YTD Appropriations

1. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
Gross	\$5,017,000	\$6,678,000
Restricted	5,017,000	6,678,000
GF/GP	\$0	\$0

Increases funding by \$6.7 million School Aid Fund (SAF) for the state's share of the universities' UAAL contribution to MPERS, a 133.1% increase, due to implementing recommendations made by the 2018 Actuarial Experience Study. The state's share is the difference between the calculated unfunded accrued liability contribution to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Funding for the state share of MPERS would be \$11.7 million SAF.

2. MPERS Normal Cost Offset

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
Gross	\$1,234,000	(\$34,000)
Restricted	1,234,000	(34,000)
GF/GP	\$0	\$0

Reduces reimbursement funding provided to universities by \$34,000 SAF, a 2.8% decrease, for the normal cost required to reduce the assumed rate of return for MPERS from 7.05% to 6.8% due to the dedicated gains policy. Total funding for the MPERS Normal Cost Offset would be \$1.2 million SAF.

HIGHER EDUCATION

Major Budget Changes From FY 2019-20 YTD Appropriations

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
3. Michigan Competitive Scholarships	Gross	\$38,361,700	(\$8,500,000)
Reduces funding for Michigan Competitive Scholarships by \$8.5 million federal Temporary Assistance for Needy Families (TANF) funding, a 22.2% decrease, to bring program costs in line with a FY 2019-20 legislative transfer. The scholarships are awarded to students with a qualifying SAT score and demonstrated financial need. Total funding for Michigan Competitive Scholarships would be \$29.9 million Gross (\$5.9 million GF/GP).	Federal	32,430,800	(8,500,000)
	GF/GP	\$5,930,900	\$0
4. Tuition Incentive Program	Gross	\$64,300,000	\$4,500,000
Increases Tuition Incentive Program (TIP) by \$4.5 million federal TANF funding, a 7.0% increase, which pays for Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The increase is to bring program costs in line with a FY 2019-20 legislative transfer. Total funding for TIP would be \$68.8 million TANF.	Federal	64,300,000	4,500,000
	GF/GP	\$0	\$0
5. Tuition Grant Program	Gross	\$38,021,500	\$4,000,000
Increases Tuition Grant Program by \$4.0 million, a 10.5% increase. The increase is the net result of a \$4.0 million TANF decrease and a \$8.0 million GF/GP increase. The program provides need-based tuition assistance to students at Michigan independent (i.e., private, non-profit) colleges and universities. Total funding for Tuition Grants would be \$42.0 million Gross (\$11.9 million GF/GP).	Federal	34,095,600	(4,000,000)
	GF/GP	\$3,925,900	\$8,000,000
6. Bay Mills Community College One-Time Pass-through Payment	Gross	NA	\$1,000,000
Includes \$1.0 million GF/GP in one-time funding to Bay Mills Community College, a tribal college, as a pass-through payment through Lake Superior State University. The payment is to assist the college in the costs of educating non-Native American students.	GF/GP	NA	\$1,000,000
7. North American Indian Tuition Waiver Funding	Gross	\$10,905,700	\$886,400
Increases funding by \$886,400 GF/GP for the North American Indian Tuition Waiver program. Funding was adjusted to match each university's most recent reported cost in providing the tuition waiver to eligible students. The appropriation is a delineated category within each university's operations funding line. Total ITW program funding would be \$11.8 million GF/GP.	GF/GP	\$10,905,700	\$886,400

Boilerplate Changes From FY 2019-20

Sec. 236a. FY 2020-21 Appropriations – DELETED

Deletes legislative intent language for FY 2020-21 appropriations to be the same as those for FY 2019-20, adjusted for caseloads, available federal funds, economic factors, and available revenue, with an estimated MPSERS FY 2020-21 payment to be \$7.3 million.

Sec. 236g. FY 2019-20 Coronavirus Relief Fund Allocations – DELETED

Deletes language that specified FY 2019-20 individual university allocations, stated that universities must comply with all the requirements of the CARES Act, and universities found not to be in compliance with the act must return the funds allocated or have future appropriations withheld.

Sec. 241. Appropriations Payment Schedule and HEIDI Reporting Requirements – REVISED

Provides schedule of 11 monthly payments to universities; authorizes Department of Treasury to withhold payments if universities fail to submit Higher Education Institutional Data Inventory (HEIDI) data by October 15 for 14 universities and November 15 for Wayne State. Revises deadline to submit data to November 15 for FY 2020-21 only.

HIGHER EDUCATION

Boilerplate Changes From FY 2019-20

Sec. 242. Federal or Private Funds – REVISED

Appropriates federal or private funds received by the state for use by a college or university. Deletes language specifying that acceptance of federal or private funds does not place an ongoing obligation on the legislature.

Sec. 256. Tuition Incentive Program Detail – REVISED

Specifies criteria for Tuition Incentive Program (TIP) eligibility; provides for award conditions and limits under Phases I (associate degree and certificate programs) and II (third and fourth years toward bachelor's degree) of the program. Deletes application for certification of eligibility process for eligible students. Revises program eligibility expiration from 6 years after high school graduation or earning an equivalent certificate to 10 years after initial enrollment in an eligible post-secondary institution. Revises language from requiring the Department of Treasury to accept program applications from eligible students after beginning the sixth grade to notifying students of their eligibility after beginning the sixth grade. Deletes work project language. Deletes language directing universities to report TIP Phase I student enrollment and students receiving Pell grants by December 1 because language is currently present that states, beginning in FY 2020-21, the reporting deadline is October 15.

Sec. 259. Department of Treasury Financial Aid Information Program – NEW

Adds legislative intent language instructing the Department of Treasury to launch an aggressive information campaign about state scholarships and the eligibility requirements.

Sec. 260. Student Loan and Financial Aid Website – NEW

Adds language that requires the Department of Treasury, working with the Michigan College Access Network, the Michigan Association of State Universities (MASU), the Michigan Community College Association (MCCA), and Michigan Independent Colleges and Universities (MICU) to the extent possible, create a website containing various student loan and other financial aid information. Requires universities to post a link to the website on its homepage.

Sec. 265. Performance Funding Tuition and Fees Restraint Requirement – REVISED

Provides tuition restraint requirements for universities in order to receive performance funding increases for the next three fiscal years. Revises tuition restraint cap for universities from the greater of 4.4% or \$587 to the greater of 4.25% or \$586.

Sec. 265c. Articulation Agreements and Academic Partnerships Reporting – DELETED

Deletes requirement where the MCCA, MASU, and MICU report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

Sec. 268. North American Indian Tuition Waiver Reporting Requirements – REVISED

Requires universities to report to the Department of Civil Rights on the number of North American Indian tuition waiver applications received and approved, the number and monetary value of the waivers, the number of students with waivers who withdrew from school, and the number of students with waivers who completed a degree or certificate program. Changes reporting due date from February 15 to January 15. Adds language that tribal institutions that receive program funding must report data to the department.

Sec. 269. Saginaw Chippewa Tribal College North American Indian Tuition Waiver Funding – REVISED

Specifies a \$29,700 pass-through payment from Central Michigan University to Saginaw Chippewa Tribal College for costs of the Indian Tuition Waiver program. Revises payment from \$29,700 to \$79,700. Adds requirement that the institution comply with the waiver reporting requirements found in Sec. 268.

Sec. 270. Bay Mills Community College North American Indian Tuition Waiver Funding – REVISED

Specifies a \$100,000 pass-through payment from Lake Superior State University to Bay Mills Community College for costs of the Indian Tuition Waiver program. Revises payment from \$100,000 to \$0. Adds requirement that the institution comply with the waiver reporting requirements found in Sec. 268.

Sec. 270b. Bay Mills Community College Pass-Through Payment – NEW

Adds language specifying a \$1.0 million pass-through payment from Lake Superior State University to Bay Mills Community College for costs of educating non-Native American students. Requires Bay Mills to comply with various reporting requirements to the Center for Educational Performance and Information (CEPI) or the state treasurer will have LSSU withhold payments of the pass-through.

Sec. 270c. Keweenaw Bay Ojibwa Community College North American Indian Tuition Waiver Funding – NEW

Adds language specifying a \$50,000 pass-through payment from Northern Michigan University to Keweenaw Bay Ojibwa Community College for the costs of the Indian Tuition Waiver program. Adds requirement that the institution comply with the waiver reporting requirements found in Sec. 268.

Boilerplate Changes From FY 2019-20

Sec. 275. University Veteran-Friendly Policies – REVISED

Requires universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services and a report on program participation. States universities should consider all veterans as in-state residents for determining tuition and fees and waive enrollment fees for all veterans. Adds requirement that universities provide reasonable programming and scheduling accommodation for a student's military, military reserves or National Guard training and duty obligations.

Sec. 275f. Free and Open Speech Policies Reporting Requirement – NEW

Adds language that requires universities to report on activities related to strategic planning or assessment of policies that provide for open and free speech while protecting students from hate speech and discrimination.

Sec. 275g. 2020-21 Academic Year and Covid-19 Reporting Requirements – NEW

Adds language that requires universities to report various enrollment and student residential data for the 2020-21 academic year by September 30, 2021. Requires universities to report information related to online and Covid-19 fees, along with Covid-19 mitigation strategies and related data by November 1, 2020.

Sec. 275h. 60% Post-Secondary Degree, Certification or Credential Obtainment Goal – NEW

Adds legislative intent language that sets a goal of 60% of Michigan residents to obtain a post-secondary credential, certification or degree by 2030.

Sec. 275i. Students with Dependent Children Data Reporting Requirement – NEW

Adds language requiring public universities to collect data on students with dependent children, such as the number of enrolled students with dependents, programs and resources available, and the barriers preventing students from completing a degree. The collection of the data must protect student privacy and would be used in future appropriations decisions.

Sec. 281a. King-Chavez-Parks Reporting Requirement – NEW

Adds language requiring public universities to report data around the six support programs behind the King-Chavez-Parks university programs by February 15.

**Summary: FY 2020-21 University Performance Funding Increases
Conference Summary**

Indian Tuition Waiver

University	FY 2019-20 Indian Tuition Waiver Payment	FY 2019-20 Year-to-Date Appropriation	Total FY 2020-21 Funding Increase	FY 19 Indian Tuition Waiver Cost	Indian Tuition Waiver Pass- through adjustments	Indian Tuition Waiver Adjustment	*Total FY21 Indian Tuition Waiver Payment	**Other Adjustments	Proposed FY 2020-21 Appropriation	Percent Change
Central	\$1,598,100	\$89,227,800	\$0	\$1,884,800	\$79,700	\$286,700	\$1,964,500	\$0	\$89,564,500	0.4%
Eastern	302,300	77,556,000	-	301,500	-	(800)	301,500	-	77,555,200	0.0%
Ferris	1,007,300	56,032,800	-	908,800	-	(98,500)	908,800	-	55,934,300	(0.2%)
Grand Valley	1,075,000	73,388,500	-	1,177,200	-	102,200	1,177,200	-	73,490,700	0.1%
Lake Superior	954,000	14,361,000	-	945,100	(100,000)	(8,900)	845,100	1,000,000	15,252,100	6.2%
Michigan State	1,467,700	288,799,400	-	1,604,000	-	136,300	1,604,000	-	288,935,700	0.0%
Michigan Tech	466,500	50,568,100	-	693,600	-	227,100	693,600	-	50,795,200	0.4%
Northern	1,100,000	48,909,100	-	1,010,600	50,000	(89,400)	1,060,600	-	48,869,700	(0.1%)
Oakland	285,100	53,432,500	-	266,100	-	(19,000)	266,100	-	53,413,500	0.0%
Saginaw Valley	223,900	30,807,700	-	219,500	-	(4,400)	219,500	-	30,803,300	0.0%
UM-Ann Arbor	803,500	322,773,600	-	961,000	-	157,500	961,000	-	322,931,100	0.0%
UM-Dearborn	160,200	26,327,200	-	167,800	-	7,600	167,800	-	26,334,800	0.0%
UM-Flint	277,000	23,893,200	-	348,200	-	71,200	348,200	-	23,964,400	0.3%
Wayne State	417,200	203,413,900	-	462,200	-	45,000	462,200	-	203,458,900	0.0%
Western	767,900	112,290,100	-	841,700	-	73,800	841,700	-	112,363,900	0.1%
TOTAL:	\$10,905,700	\$1,471,780,900	\$0	\$11,792,100	\$29,700	\$886,400	\$11,792,100	\$1,000,000	\$1,473,667,300	0.1%

Requirements to receive performance funding increase for the next 3 fiscal years:

1. Restrain FY 2020-21 resident undergraduate tuition/fee rate increase to 4.2% or \$586 (whichever is greater)
2. Participate in at least three reverse transfer agreements with community colleges
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Actively participate in and submit timely updates to the Michigan Transfer Network

Requirements to avoid a 10% reduction in operations funding:

1. Submit Sec. 274c & 274d Title IX reports
2. Comply with various Title IX requirements listed in Sec. 265b

*Beginning in FY 2019-20, Indian Tuition Waiver Payments were unrolled from the Operations base amounts. FY 2020-21 unrolls tribal college pass-through amounts from Operations base amounts. ITW Adjustment amounts are made from the prior fiscal year's ITW payment compared to the most recent reported waiver cost. ITW Payments are listed as "Indian Tuition Waiver Costs Incurred" that is broken out in each university's operations listing in the budget bill

** LSSU has a one-time \$1.0 million increase for a pass-through payment to Bay Mills Community College