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Senate Bill 174 (Substitute H-3 as passed by the House)
Sponsor: Senator Darrin Camilleri
Senate Committee: Appropriations (discharged)
House Committee: Appropriations (discharged)

Date Completed: 11-2-23

CONTENT

The bill would amend the State School Aid Act to provide supplemental appropriations for fiscal year (FY) 2022-23 and FY 2023-24. Specifically, the bill would add \$20.0 million in School Aid Fund (SAF) money for FY 2022-23 and would add \$5.0 million SAF and \$4.0 million in Federal money for FY 2023-24. The gross supplemental appropriation for FY 2022-23 would be \$20.0 million and the gross supplemental appropriation for FY 2023-24 would be \$9.0 million.

The bill would appropriate \$20.0 million SAF for special education reimbursements for FY 2022-23. The bill would add \$4.0 million in Federal spending authority for the Center for Educational Performance and Information.

The bill also would add language that would not increase appropriations. Changes would include technical changes related to the operation of various programs. Notable changes would include removing the matching funds requirement under the Healthy School Program for schools that use funding for drinking water system upgrades, clarity for providers regarding counting pupils in membership in the dropout recovery program, providing clearer eligibility requirements for drivers training program grants to Wayne-Westland and Dearborn schools, allowing Eaton Regional Education Service Agency to use up to 5% of the grant for FFA administration to be used for program administration, and expanding eligible uses for certain grants.

The bill also contains items for the Community Colleges and Higher Education budgets for FY 2023-24. For both budgets, the bill includes new language requiring universities and community colleges to repay any Infrastructure, Technology, Equipment, and Maintenance (ITEM) grants that they receive in their January 16, 2024 State aid payments. Those funds would then be reallocated and redistributed to universities and community colleges that certify that they did not receive a planning authorization for a capital outlay project between January 1, 2023, and March 1, 2024. Universities and community colleges would be able to use those redistributed funds for the purposes allowed under the original ITEM allocations included in the FY 2023-24 budget. This provision would not apply if the bill were to go into effect prior to January 1, 2024.

The bill would appropriate \$5.0 million SAF to Washtenaw Community College for costs related to its involvement in a semiconductor research alliance, and would amend the existing allocation of ITEM funding to require the University of Michigan – Ann Arbor, if it receives ITEM funding, to use \$5.0 million of the amount the university receives for that purpose as well.

Finally, the bill would change the financial need component of the Michigan Achievement Scholarship. Under current law a student's Free Application for Federal Student Aid (FAFSA) must show an expected family contribution (EFC) of less than \$25,000 to qualify for an award under the program. The FAFSA is moving away from the EFC as a metric for student need for academic year 2024-25, and replacing it with a new metric called the student aid index (SAI). The bill would, for academic year 2024-25, change the \$25,000 EFC limit and replace it with a \$30,000 SAI for a student who does not have any immediate family members who are also attending a college or university. For students who have another immediate family member attending a college or university, the bill would allow Treasury to establish an SAI limit of at least \$30,000, but potentially higher. The bill specifies that Treasury would work with the State Budget Office and the House and Senate Fiscal Agencies to identify an appropriate SAI limit for the program for multiple-student households.

MCL 388.1606 et al.

FISCAL IMPACT

The bill would appropriate \$20.0 million SAF for FY 2022-23, \$5.0 million SAF for FY 2023-24, and \$4.0 million in Federal money for FY 2023-24. The gross increase in appropriations would be \$20.0 million in FY 2022-23 and \$9.0 million in FY 2023-24.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.