

**FY 2012-13 EDUCATION OMNIBUS BUDGET**  
**Summary: Conference Report**  
**House Bill 5372 (H-1) CR-1\***



Mary Ann Cleary, Director

**TOTAL APPROPRIATIONS BY BUDGET AREA**

Budget Area (Bill Page) [Summary Page]	FY 2012-13		
	Gross	SAF	GF/GP
School Aid (3) [2]	\$12,944,528,500	\$10,961,087,100	\$282,400,000
Community College (207) [15]	294,130,500	197,614,100	96,516,400
Higher Education (230) [19]	1,399,220,400	200,565,700	1,101,628,300
<b>TOTAL</b>	<b>\$14,637,879,400</b>	<b>\$11,359,266,900</b>	<b>\$1,480,544,700</b>

**FY 2012-13: SCHOOL AID**  
**Summary: Conference Report**  
**House Bill 5372 (H-1) CR-1\*, ARTICLE I**



**Analysts: Bethany Wicksall**  
**Mark Wolf**

IDG/IDT	FY 2011-12 YTD as of 2/27/12	FY 2012-13 Executive	FY 2012-13 House	FY 2012-13 Senate	FY 2012-13 Conference	Difference: Conference From FY 2011-12 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	1,658,031,800	1,701,041,400	1,701,041,400	1,701,041,400	1,701,041,400	43,009,600	2.6
<b>Local</b>	0	0	0	0	0	\$0	--
<b>Private</b>	0	0	0	0	0	\$0	--
<b>Restricted</b>	10,967,333,600	10,785,973,400	10,782,707,800	10,715,091,400	10,961,087,100	(6,246,500)	(0.1)
<b>GF/GP</b>	118,642,400	200,000,000	333,000,000	296,516,400	282,400,000	163,757,600	138.0
<b>Gross</b>	<b>\$12,744,007,800</b>	<b>\$12,687,014,800</b>	<b>\$12,816,749,200</b>	<b>\$12,712,649,200</b>	<b>\$12,944,528,500</b>	<b>\$200,520,700</b>	<b>1.6</b>

Notes: FY 2011-12 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 27, 2012.

**Overview**

The School Aid budget makes appropriations to the state's 549 local school districts, 256 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Michigan Strategic Fund, and other entities to implement certain grants and other programs related to K-12 education.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>FY 2011-12 YTD (as of 2/27/12)</b>	<b>Conf. Change from YTD</b>
<b>1. School Bond Redemption Fund (Sec. 11j)</b>	<b>Gross</b>	<b>\$93,575,300</b>	<b>\$26,814,700</b>
<u>Executive</u> increases by \$26.8 million to a total of \$120.4 million in FY 2012-13 and by another \$11.3 million to a total of \$131.7 million in FY 2013-14 to pay for increased interest payments.	Restricted	93,575,300	26,814,700
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
<b>2. Cash Flow Borrowing Costs (Sec. 11m)</b>	<b>Gross</b>	<b>\$8,500,000</b>	<b>(\$5,300,000)</b>
<u>Executive</u> increases to \$10.0 million in FY 2012-13 and to \$20.0 million for FY 2013-14 costs for anticipated interest rate increases.	Restricted	8,500,000	(5,300,000)
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> reduces FY 2011-12 by \$6.4 million due to lower cash flow interest and borrowing costs, and increases the adjusted FY12 figure by \$1.1 million, to \$3.2 million for FY 2012-13.			
<b>3. Education Reserve Fund (Sec. 11s)</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Senate</u> allocates \$6.0 million to a new Education Reserve Fund, a separate account within the State School Aid Fund. Expenditure from the fund would require a subsequent amendment to Sec. 11s.	Restricted	N/A	0
<u>Conference</u> does not concur with the Senate.			
<b>4. Prop A Obligation - Foundation Allowances (Sec. 22a)</b>	<b>Gross</b>	<b>\$5,769,000,000</b>	<b>(\$57,000,000)</b>
<u>Executive</u> decreases by \$62.0 million from the current YTD for FY 2012-13 to incorporate taxable values and pupil estimates. Decreases by an additional \$115.0 million due to taxable value changes and further pupil declines for FY 2013-14.	Restricted	5,769,000,000	(57,000,000)
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> decreases funding by \$57.0 million from current YTD for FY 2012-13 to incorporate revised taxable value and pupil membership estimates from the May Consensus Revenue Estimating Conference. (The conference report also increases the FY 2011-12 appropriation by \$7.0 million to \$5,776.0 million.)			

**Major Budget Changes From FY 2011-12 YTD Appropriations**

**5. Discretionary - Foundation Allowances (Sec. 22b)**

Executive reduces by a total of \$25.0 million to recognize the elimination of \$17.5 million in small class-size and district-specific foundation allowance adjustments, \$50.0 million in assumed savings for requiring full day kindergarten for a full foundation, as well as estimated changes in taxable values and pupil estimates. FY 2013-14 estimates are adjusted to assume only \$25.0 million for kindergarten foundation savings as well as further changes in taxable value and pupil counts.

House concurs with Executive on the elimination of district-specific adjustments but adds a \$100 placeholder for small class size grants, and assumes no savings related to the requirement of full day kindergarten for a full foundation allowance, increasing the line by a total of \$25.0 million.

Senate increases by a total of \$292.8 million. Provides districts with an increase in the foundation allowance ranging from \$116 to \$232 per pupil using the "2x" formula, increasing the minimum to \$7,078 and the basic to \$8,135. Senate concurs with Executive on the assumption of \$50.0 million in savings related to the requirement of full day kindergarten for a full foundation allowance and with the elimination of 3 district specific adjustments. Senate maintains funding for small class size adjustments at FY 2011-12 levels (\$13.3 million) and maintains an adjustment for Wayne-Westland at 50% of the FY 2011-12 level (\$1.5 million).

Conference increases funding by \$100.3 million to provide for an equity payment to increase the minimum foundation allowance to \$6,966 (a \$120 per pupil increase from the current \$6,846 minimum), continuation of the small class-size adjustment, and the assumption of \$20.0 million in savings for requiring full-day kindergarten for a full foundation allowance.

	<b>FY 2011-12 YTD (as of 2/27/12)</b>	<b>Conf. Change from YTD</b>
<b>Gross</b>	<b>\$3,052,000,000</b>	<b>\$100,300,000</b>
Restricted	2,955,028,100	(68,418,300)
GF/GP	\$96,971,900	168,718,300

**6. Michigan Business Tax Impact on Out of Formula Districts (Sec. 22e)**

Executive eliminates funding which held out-of-formula districts harmless from local personal property tax exemptions when the MBT was created.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with the Executive.

<b>Gross</b>	<b>\$700,000</b>	<b>(\$700,000)</b>
Restricted	700,000	(700,000)

**7. Best Practices Grants (Sec. 22f)**

Executive decreases the allocation for best practices grants from \$154.0 million to an estimated \$120.0 million. Overall, funding for the combined best practices grants and performance-based grants totals \$190.0 million under the Executive proposal, with the performance-based grants awarded first from this allocation (estimated at \$70.0 million), with the remaining funds, estimated at \$120.0 million, funding best-practices grants. (Depending on the allocation of the performance-based grants, the best practices grants could total more or less than the currently estimated \$120.0 million.) The Executive proposes distributing best practice grants to districts on a per pupil basis (\$100 maximum) to all districts that meet 5 out of 6 revised best practices criteria.

House decreases the allocation for best practices grants to \$115.0 million, and decouples funding from the Executive-proposed performance based funding. The House distributes best practices grants to districts on a \$75 per pupil basis to all districts that meet 6 out of 8 revised best practices criteria.

Senate deletes this section.

Conference decreases the allocation to \$80.0 million, and decouples funding from the Executive-proposed performance based funding. Distributes grants to districts on a \$52 per pupil basis to all districts that meet 7 out of 8 revised best practices criteria.

*(See Major Boilerplate Changes below for a detailed discussion of the best practices criteria.)*

<b>Gross</b>	<b>\$154,000,000</b>	<b>(\$74,000,000)</b>
Restricted	154,000,000	(74,000,000)

**Major Budget Changes From FY 2011-12 YTD Appropriations**

**8. Consolidation Innovation Grants (Sec. 22g)**

Executive adds \$10.0 million in funding, designated as one-time, for competitive assistance grants to help defray transition costs associated with the consolidation of operations or services among districts and ISDs that occur on or after October 1, 2012.

House concurs with Executive on the amount, but moves the date to June 1, 2012. The House also permits consolidation of services or operations between ISDs and with local units of government, and specifies that a district or ISD that receives grant assistance for consolidating services under the competitive assistance grant program in the Department of Treasury budget is not eligible for an award under this section.

Senate concurs with the Executive on the amount, but moves the date to June 1, 2012. The Senate would also award a consolidation between a district and a municipality.

Conference concurs with the Executive on the amount, but moves the date to June 1, 2012. Concurring with the House, the Conference also permits consolidation of services or operations between ISDs and with local units, and specifies that a district or ISD that receives grant assistance for consolidating services under the competitive assistance grant program in the Department of Treasury budget is not eligible for an award under this section.

	<b>FY 2011-12 YTD (as of 2/27/12)</b>	<b>Conf. Change from YTD</b>
<b>Gross</b>	<b>N/A</b>	<b>\$10,000,000</b>
Restricted	N/A	10,000,000

**9. Technology Infrastructure Improvement Grants (Sec. 22i)**

House creates a \$75.0 million competitive grant program providing grant awardees (districts or ISDs on behalf of constituent districts) to support technology infrastructure upgrades in preparation for the planned implementation of online student achievement growth assessments in 2014-15. Grants would be capped at \$2.0 million per district.

Conference concurs with the House, but reduces the total to \$50.0 million. Specifies that infrastructure includes both hardware and software. Also permits grants to be awarded to districts in order to access a computer-adaptive student assessment test.

<b>Gross</b>	<b>N/A</b>	<b>\$50,000,000</b>
Restricted	N/A	50,000,000

**10. District Performance-Based Funding (Sec. 22i)**

Executive establishes a new performance-based grant program, providing awards of up to \$100 per pupil based student achievement proficiency measures (estimated at a total of \$70.0 million). Funds were appropriated as part of the \$190.0 million appropriation in Sec. 22f

House does not concur with the Executive, and instead creates a \$75.0 million competitive grant program, providing grant awardees (districts or ISDs on behalf of constituent districts) to support technology infrastructure upgrades in preparation for the planned implementation of online student achievement growth assessments in 2014-15. Grants would be capped at \$2.0 million per district.

Senate establishes a new performance-based grant program, based on student achievement gains in math and reading for students in grades 2-11 on a computer-adaptive test.

Conference concurs with Executive, but provides \$30.0 million in funding. Grants are to be based 2010-11 MEAP/MME data and are to be prorated based on the available funding.

<b>Gross</b>	<b>N/A</b>	<b>\$30,000,000</b>
Restricted	N/A	30,000,000

**11. Juvenile Detention Facility Programs (Sec. 24a)**

Executive increases by \$21,000 for economic adjustments for FY 2012-13.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

<b>Gross</b>	<b>\$2,114,800</b>	<b>\$21,000</b>
Restricted	2,114,800	21,000

**12. Youth Challenge Program (Sec. 24c)**

House increases by \$734,400 to \$1,500,000.

Senate increases by \$734,400 to \$1,500,000.

Conference concurs with House and Senate.

<b>Gross</b>	<b>\$765,600</b>	<b>\$734,400</b>
Restricted	765,600	734,400

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/27/12)</b>	<b>Conf. Change from YTD</b>
<b>13. Renaissance Zone Reimbursements (Sec. 26a)</b>		<b>Gross \$26,300,000</b>	<b>\$1,500,000</b>
<u>Executive</u> makes no changes in funding for renaissance zone reimbursements to school districts and ISDs.	Restricted	26,300,000	0
<u>House</u> concurs with Executive on reimbursements to school districts and ISDs, but provides \$3.0 million GF/GP to reimburse libraries.	GF/GP	\$0	\$1,500,000
<u>Senate</u> makes no changes in funding for renaissance zone reimbursements to school districts and ISDs, and does not provide funding to reimburse libraries.			
<u>Conference</u> concur with the Executive on reimbursements to school districts (no change from FY 2011-12 YTD), but provides \$1.5 million to reimburse libraries. (The conference also reduces the FY 2011-12 appropriation to \$25.1 million.)			
<b>14. Promise Zone SET Capture</b>		<b>Gross N/A</b>	<b>\$347,800</b>
<u>Conference</u> appropriates \$347,800 to districts and ISDs with an approved promise zone development plan for the purposes of the local Promise Zone Authority under the Michigan Promise Zone Authority Act, 2008 PA 549. The act provides that after two years of operations, a promise zone (there are 10) may "capture" half of the yearly increase in State Education Tax revenue in the promise zone. (The conference report also includes an FY 2011-12 supplemental appropriation of \$276,800.)	Restricted	N/A	347,800
<b>15. Great Start Collaborative Grants (Sec. 32b)</b>		<b>Gross \$5,900,000</b>	<b>(\$5,900,000)</b>
<u>Executive</u> makes no changes in funding for the Great Start Collaborative.	Restricted	5,900,000	(5,900,000)
<u>House</u> concurs with the Executive.			
<u>Senate</u> eliminates this section entirely, and rolls funding into a new Early Childhood Block Grant (Sec. 32p).			
<u>Conference</u> concurs with the Senate.			
<b>16. Great Start Readiness Program (GSRP) (Sec. 32d)</b>		<b>Gross \$104,575,000</b>	<b>\$5,000,000</b>
<u>Executive</u> makes no changes in funding for GSRP grants.	Restricted	104,275,000	5,000,000
<u>House</u> concurs with Executive.	GF/GP	\$300,000	\$0
<u>Senate</u> eliminates the \$8.9 million in funding for competitive, non-district grants and rolls them into the Early Childhood Block Grant in Sec. 32p. Senate increases formula (district) GSRP funding by \$10.0 million.			
<u>Conference</u> increases formula (district) GSRP funding by \$5.0 million and makes no changes in the competitive non-district grants.			
<b>17. Great Parents, Great Start Grants (Sec. 32j)</b>		<b>Gross \$5,000,000</b>	<b>(\$5,000,000)</b>
<u>Executive</u> makes no changes in funding for Great Parents Great Start	Restricted	5,000,000	(5,000,000)
<u>House</u> concurs with the Executive.			
<u>Senate</u> eliminates this section entirely, and rolls funding into a new Early Childhood Block Grant (Sec. 32p).			
<u>Conference</u> concurs with the Senate.			
<b>18. Early Childhood Funding Block Grant (Sec. 32p)</b>		<b>Gross N/A</b>	<b>\$10,900,000</b>
<u>Senate</u> rolls funding for Great Start Collaborative grants, GSRP Competitive grants, and Great Parents Great Start grants into a single allocation, with each ISD receiving the same amount of funding under this section as the amount received in FY 2011-12 for the three grant programs. Each ISD is to apply to the department and indicate to the department the activities supported by the grant.	Restricted	N/A	10,900,000
<u>Conference</u> rolls funding for Great Start Collaborative grants and Great Parents Great Start grants into a single allocation, with each ISD receiving the same amount of funding under this section as the amount received in FY 2011-12 for the two grant programs. Each ISD is to apply to the department and indicate the activities supported by the grant and must convene a local great start collaborative and a great start parent coalition. An ISD may reconstitute a collaborative or a parent coalition found to be ineffective.			
<b>19. Federal Funding (Sec. 39a)</b>		<b>Gross \$794,333,300</b>	<b>\$51,509,300</b>
<u>Executive</u> increases anticipated funding for "No Child Left Behind" and other federal funding by \$51.5 million to a total of \$845.8 million for both FY 2012-13 and FY 2013-14.	Federal	794,333,300	51,509,300
<u>House</u> concurs with Executive.	Restricted	0	0
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/27/12)</b>	<b>Conf. Change from YTD</b>
<b>20. Special Education (Sec. 51a)</b>		<b>Gross</b>	<b>\$1,392,169,100</b>
<u>Executive</u> increases by \$37.1 million for FY 2012-13 and by another \$32.6 million for FY 2013-14 to adjust for consensus estimates for the growth in special education reimbursement costs.		Federal	437,400,000
<u>House</u> concurs with Executive.		Restricted	954,769,100
<u>Senate</u> concurs with Executive.			
<u>Conference</u> increases funding by another \$43.1 million for FY 2012-13 Restricted due to consensus estimates for growth in special education reimbursement costs. The conference report also increase the FY 2011-12 appropriation by \$2.0 million.			
		<b>Gross</b>	<b>\$43,100,000</b>
		Federal	1,600,000
		Restricted	41,500,000
<b>21. Vocational Education (Sec. 61a)</b>		<b>Gross</b>	<b>\$26,611,300</b>
<u>Executive</u> maintains funding at FY 2011-12 levels.		Restricted	26,611,300
<u>House</u> increases funding to \$30.0 million.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> maintains funding at FY 2011-12 levels.			
			<b>\$0</b>
			0
<b>22. School Bus Inspections (Sec. 74(4))</b>		<b>Gross</b>	<b>\$1,608,900</b>
<u>Executive</u> increases by \$26,000 for economic adjustments for FY 2012-13.		Restricted	1,608,900
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
			<b>\$26,000</b>
			26,000
<b>23. ISD General Operations (Sec. 81)</b>		<b>Gross</b>	<b>\$62,108,000</b>
<u>Executive</u> maintains funding for ISD general operations at FY 2011-12 levels, but reduces base awards to 95% of the current-year level, with ISDs eligible to receive the final 5% of the FY 2011-12 allocation if they meet 4 out of 5 performance criteria.		Restricted	62,108,000
<u>House</u> maintains base funding for ISD general operations at FY 2011-12 levels, and increases by \$3.1 million to provide ISDs meeting 4 out of 5 performance criteria with an additional 5% of their FY 2011-12 allocation.			
<u>Senate</u> maintains base funding for ISD general operations at FY 2011-12 levels, and increases by \$2.0 million to provide ISDs meeting 4 out of 5 performance criteria with an additional 3.2% of their base FY 2011-12 allocation.			
<u>Conference</u> concurs with the Senate..			
			<b>\$2,000,000</b>
			2,000,000
<b>24. Center for Educational Performance and Information (Sec. 94a)</b>		<b>Gross</b>	<b>\$8,661,900</b>
<u>Executive</u> increases by \$750,000 for economic adjustments for FY 2012-13 and FY 2013-14, and offsets federal funding transferred to MDE budget with GF/GP.		Federal	2,893,200
<u>House</u> concurs with Executive.		GF/GP	\$5,768,700
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
			<b>\$750,000</b>
			(2,699,700)
			\$3,449,700
<b>25. Principal Educator Evaluator Training (Sec. 95)</b>		<b>Gross</b>	<b>N/A</b>
<u>Executive</u> provides \$1.75 million in FY 2012-13 and \$500,000 in FY 2013-14 for grants to districts to support professional development for principals and assistant principals in a department-approved training program on implementing educator evaluation programs. (See Major Boilerplate Changes below for a detailed discussion of this program.)		Restricted	N/A
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
			<b>\$1,750,000</b>
			1,750,000
<b>26. Michigan Virtual University (MVU) (Sec. 98)</b>		<b>Gross</b>	<b>\$4,387,500</b>
<u>Executive</u> maintains current year total appropriations but shifts support of the program from partial federal funding to full funding from GF/GP. (See Major Boilerplate Changes below for a detailed discussion of other proposed changes for the MVU.)		Federal	2,700,000
<u>House</u> concurs with Executive.		GF/GP	\$1,687,500
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
			<b>\$0</b>
			(2,700,000)
			\$2,700,000

<b><u>Major Budget Changes From FY 2011-12 YTD Appropriations</u></b>		<b>FY 2011-12 YTD (as of 2/27/12)</b>	<b>Conf. Change from YTD</b>
<b>27. Math and Science Centers (Sec. 99)</b>		<b>Gross</b>	<b>\$7,874,300</b>
<u>Executive</u> maintains current year total appropriations but shifts \$110,000 in GF/GP fund support to School Aid Fund.		Federal	5,249,300
<u>House</u> concurs with Executive.		Restricted	2,515,000
<u>Senate</u> concurs with Executive and adds an additional \$100,000 for a Math/Science Center that is a participant in the Michigan Science, Technology, Engineering, and Mathematics (STEM) Partnership.		GF/GP	\$110,000
<u>Conference</u> concurs with the Senate.			
			<b>\$100,000</b>
			0
			210,000
			(\$110,000)
<b>28. Michigan Education Assessment Program (Sec. 104)</b>		<b>Gross</b>	<b>\$43,444,400</b>
<u>Executive</u> adjusts FY 2012-13 funding to remove \$8.5 million in two-year funding for FY 2010-11 and FY 2011-12 related to implementation of assessment changes required under 2009 state education reforms.		Federal	8,250,000
<u>House</u> concurs with Executive.		Restricted	35,194,400
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
			<b>(\$8,500,000)</b>
			0
			(8,500,000)
<b>29. Computer Adaptive Test (Sec. 104c)</b>		<b>Gross</b>	<b>N/A</b>
<u>Senate</u> provides \$18.0 million for a new online, computer adaptive test available to all students. The test would be provided through a statewide contract through MDE and would provide immediate feedback, be delivered online, target the instructional level of each student and provide unlimited testing opportunities.		Restricted	N/A
<u>Conference</u> does not concur with Senate, but permits technology improvement funding (Sec. 22i) to be used by districts to access a computer-adaptive test.			
			<b>\$0</b>
			0
<b>30. MPSERS Cost Offset (Sec. 147a)</b>		<b>Gross</b>	<b>\$155,000,000</b>
<u>Executive</u> increases the current appropriation of \$155.0 million to \$179.0 million for both FY 2012-13 and FY 2013-14. This would reimburse school districts (excluding ISDs) by approximately 2% of their MPSERS payroll.		Restricted	155,000,000
<u>House</u> increases funding by \$93.5 million to a total of \$248.5 million and makes funding available to ISDs as well as districts. Reimbursements would equal approximately 2.8% of MPSERS payroll.			
<u>Senate</u> deletes this section entirely, and rolls the funding into the foundation allowance increase.			
<u>Conference</u> maintains the current appropriation of \$155.0 million to reimburse school districts (excluding ISDs) for approximately 2% of their MPSERS payroll.			
			<b>\$0</b>
			0
<b>31. MPSERS Retirement Obligation Reform Reserve Fund (Sec. 147b)</b>		<b>Gross</b>	<b>\$133,000,000</b>
<u>Executive</u> reflects a decrease in funding for this transfer, designated as a one-time allocation in FY 2011-12, into the MPSERS Retirement Obligation Reform Reserve fund. The \$133.0 million allocated into the fund has not yet been spent or distributed in the current year, nor does the Executive budget recommend any proposal for expending these funds.		Restricted	133,000,000
<u>House</u> concurs with Executive.			
<u>Senate</u> reduces the FY 2011-12 allocation from \$133.0 million to \$110.0 million, and designates the allocation as a work project to be used to pay the costs of Section 91a of SB 1040, a bill making numerous reforms to the Michigan Public School Employees' Retirement System (MPSERS). Section 91a under the Senate proposal provides for a 401k-type financing for retiree health care for employees hired after July 1, 2012, with employers paying a 2% match into the employees 401k account			
<u>Conference</u> appropriates an additional \$41.0 million, above the \$133.0 million appropriated in FY 2011-12, into the MSPERS Retirement Obligation Reform Reserve Fund, bringing the fund balance to \$174.0 million.			
			<b>(\$92,000,000)</b>
			(92,000,000)
<b>32. MPSERS Pre-Funding (Sec. 147c)</b>		<b>Gross</b>	<b>N/A</b>
<u>Conference</u> appropriates \$130.0 million to the Michigan Public School Employees' Retirement System pursuant to Section 41 of the Public School Employees' Retirement Act of 1979, 1980 PA 300, MCL 38.1341. If that section is not amended by SB 1040 the allocation shall lapse to the School Aid Fund unless the Legislature allocates the funding in another manner.		Restricted	N/A
			<b>\$130,000,000</b>
			\$130,000,000

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/27/12)</u>	<u>Conf. Change from YTD</u>
<b>33. Adair - Database Payment (Sec. 152a)</b>	<b>Gross</b>	<b>\$34,064,500</b>	<b>\$3,936,000</b>
<u>Executive</u> increases reimbursements to districts and ISDs by \$3.9 million to a total of \$38.0 million for both FY 2012-13 and FY 2013-14 for the costs related to state-mandated collection, maintenance, and reporting of data.	Restricted	34,064,500	3,936,000
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			

### Major Boilerplate Changes From FY 2011-12

#### **Sec. 3 et al. Education Achievement Authority, Education Achievement System, Achievement School – NEW**

Executive defines the Education Achievement Authority (EAA) and the Education Achievement System (EAS) as established in proposed amendments to the Revised School Code and defines an "achievement school" as a public school within the EAS operated, managed, authorized, established, or overseen by the EAA. An achievement school would be eligible in the same manner as a district for all applicable funding. The Executive adds references to achievement schools in sections throughout the bill in addition to districts and public school academies. Section 20 allocates funding to an achievement school based on the foundation allowance of the school district in which the achievement school is located.

House concurs with the Executive.

Senate concurs with the Executive.

Conference concurs with Executive, but defines the "Education Achievement Authority" as established pursuant to an interlocal agreement under the Urban Cooperation Act between the Detroit Public Schools and Eastern Michigan University, and defines the "Education Achievement System" as encompassing the authority and all achievement schools.

#### **Sec. 6(4). Pupil Membership Definitions – REVISED**

House adds legislative intent language that the state move to 8 pupil count dates, and requires the department to work with CEPI, districts, ISDs, and other interested stakeholders in recommending changes to implement this change. The House also requires that districts report (along with its pupil membership report) to the department and CEPI the number of instructional hours scheduled per kindergarten pupil and, if the number of hours is not the same for all kindergarten pupils, the number of kindergarten pupils by the number of scheduled instructional hours.

Senate adds language that the pupil membership changes for kindergarten are not a mandate and are not intended to jeopardize federal Title I funds used for kindergarten funding and that it is the intent of the legislature that federal Title I funds will be available to be used by districts to fund all-day kindergarten.

Conference does not concur with the House on intent to move to 8 pupil count dates – amending Section 25 instead – but does concur on requiring the report on kindergarten instructional hours. The Conference maintains current law, in requiring the same number of instructional hours for full-time equated kindergarten pupils as pupils in grades 1-12 (1098 hours) beginning in 2012-13 and, in concurring with the Senate, reiterates that the change in kindergarten instructional hours is not a mandate. However, the conference adds that for districts that provided full-day kindergarten program supplemented with federal Title 1 funding for the last two years, the number of instructional hours required for a full-time equated kindergarten pupil is equal to half of the number of instructional hours for full-time equated pupils in grades 1-12, *to the extent allowable under federal law*. The conference also requires the Department of Education to seek clarification from the U.S. Department of Education by December 1, 2012 as to whether the continued use of Title 1 funds to fund the second half of a full day program for those districts that did so in the prior two years is an allowable use of federal Title 1 funds.

#### **Sec. 6(6). Alternative and Vocational Education – RETAINED**

Current law provides that if a school district educates students from another district at a site within the boundaries of that other district after 2009-10, the educating district must have the approval of the other district to count those pupils in membership.

Senate provides that approval from the other district would not be required if the educating districts is educating those pupils in an alternative or vocational education program and the pupil's district of residence does not offer an alternative or vocational education program. The Senate also provides that if a pupil's district of residence does not provide a vocational education or alternative high school program, approval from the district of residence is not required if an educating district offers those programs in conjunction with a proprietary school or nonprofit corporation and in a city or county jail.

Conference does not concur with the Senate.

#### **Sec. 11t. Comprehensive Education Fund – NEW**

Senate adds language providing intent to enact legislation changing the name of the State School Aid Fund, which is established in the state constitution, to the "Comprehensive Education Fund."

Conference concurs with the Senate.

#### **Sec. 11u. Review of Categorical Funding – NEW**

Senate adds language providing intent to review the extent to which categorical funding appropriated in the act could, instead, be appropriated as part of the foundation allowance and other basic per-pupil payments.

Conference concurs with the Senate.

## **Major Boilerplate Changes From FY 2011-12**

### ***Sec. 12. Appropriation Estimates for Subsequent Fiscal Year – REVISED***

House provides intent to continue funding in FY 2013-14 based on FY 2012-13 funding levels adjusted for changes in pupil memberships, taxable values, special education costs, interest costs, and available revenues, all of which would be determined at January 2013 Consensus Revenue Estimating Conference.

Senate concurs with the House, but does not include interest costs.

Conference concurs with the House.

### ***Sec. 18. District Financial and Pupil Accounting – REVISED***

Conference requires districts, ISDs, PSAs, and the EAS providing online learning to submit a report to the department detailing the per-pupil costs of operating the online learning program, including costs on instructional materials, electronic equipment, salaries and benefits, purchased courses and curricula, oversight fees, travel costs associated with school activities and testing, facilities costs, special education costs, and other data. The report is due by October 1, 2012. The department is to submit a report by December 31, 2012 synthesizing the data included in the district reports. [The report is also required under 2012 PA 129 (SB 619), but because the bill was not granted immediate effect, the bill takes effect after the reports are to be submitted.]

### ***Sec. 19. Data Reporting Requirements – REVISED***

House adds legislative intent language that the state move to a single statewide education data reporting system or a limited number of education data reporting systems approved by the department and CEPI by not later than 2014-15, and requires the department to work the CEPI, districts, ISDs, and other interested stakeholders to develop recommendations on implementing this change.

Senate does not include the House language.

Conference adds legislative intent language that the state implement statewide standard reporting requirements for education data approved by the department and CEPI not later than 2014-15, and requires the department to work with CEPI, districts, ISDs and other interested stakeholders to implement this change. Also requires districts and ISDs to implement this statewide standard not later than 2014-15 or when a district or ISD updates its education data reporting system, whichever is later.

### ***Sec. 20. Foundation Allowances – REVISED***

Executive makes no changes to foundation allowances overall, but eliminates foundation allowance adjustments for certain districts for former small class size grants as well as adjustments for specific districts including Wayne-Westland, Gibraltar, Garden City and Huron. Both the small class size and 4 district-specific adjustments were reduced in FY 2011-12, and language was included for each that specified FY 2011-12 would be the final year of those adjustments.

House concurs with the Executive on 4 district-specific adjustments but maintains a \$100 placeholder for small class size grants.

Senate increases foundations from \$116 to \$232 per pupil using the 2x formula, increasing the minimum foundation to \$7,078 and the basic foundation to \$8,135. Concurs with Executive to eliminate Gibraltar, Garden City, and Huron adjustments, but keeps 50% of the FY 2011-12 Wayne Westland adjustment and 100% of the FY 2011-12 small class size adjustments.

Conference increases the minimum foundation allowance from \$6,846 to \$6,966, raising all districts with a foundation allowance below \$6,966 in FY 2011-12 to \$6,966 for FY 2012-13. This would impact 488 districts and PSAs out of a total of 805.

### ***Sec. 22b. Discretionary - Foundation Allowances – REVISED***

House requires that the department report to the Legislature by January 1, the estimated amount of savings realized in the fiscal year due to the requirement that districts provide the same number of instructional hours per kindergarten pupil as the number of instructional hours per pupil in grades 1-12. Provides legislative intent that any savings will be appropriated to Section 147a to reimburse districts for retirement costs.

Senate does not include the House language.

Conference concurs with the House in requiring the report on kindergarten instructional hours, but does not include intent language to appropriate any savings in Sec. 147a.

### ***Sec. 22f. Best Practices Grants – REVISED***

Currently the act provides \$154.0 million in best practices incentive grants of \$100 per pupil to districts that satisfy 4 out of the following 5 criteria regarding non-instructional costs prior to June 1.

Executive continues the best practices grants on an equal per pupil basis, totaling an estimated \$120.0 million after the performance-based funding is awarded, to districts that meet 5 out of the following 6 criteria:

- Participate in Schools of Choice programs under Section 105 and Section 105c. (NEW)
- Measure student growth at least twice annually and report that growth to parents. (NEW)
- Provide dual enrollment and other opportunities for postsecondary coursework. (NEW)
- Provide online learning opportunities. (NEW)
- Act as policy holder for health care services benefits.
- Provide a dashboard to parents and members of the community

House decouples the best practices grant from the performance-based grant, providing \$115.0 million in funding for districts that qualify in awards equal to \$75 per pupil, and adds two additional criteria: (1) obtains competitive bids for non-instructional services during 2012-13 and (2) provides physical education and health education consistent with State Board of Education policy. The House also revises 2 of the Executive-proposed criteria: First regarding Schools of Choice by considering PSAs to have satisfied that requirement. Second, regarding measuring student growth, by providing that districts measure student growth at least twice annually and report that growth to parents (as recommended) or provide the department with a plan and be able to show progress toward developing the technology infrastructure necessary for the implementation of student growth assessments by 2014-2015. Districts would have to meet 6 out of the 8 criteria. House would also redistribute any funds left after all awards have been distributed to qualifying districts with a foundation less than \$8,019 on an equal per pupil basis.

Senate repeals this section.

## **Major Boilerplate Changes From FY 2011-12**

### ***Sec. 22f. Best Practices Grants – REVISED (cont.)***

Conference decouples the best practices grant from the performance-based grant, providing \$80.0 million in funding to districts that qualify in awards equal to \$52 per pupil. The Conference requires districts to meet 7 of the 8 criteria, but modifies a few of the requirements. The requirement that districts provide both health and physical education is changed to a requirement that provide at least one of those courses. The requirement that districts provide dual enrollment and other post-secondary opportunities, is modified to specify that charter schools that do not offer grades at the secondary level may satisfy that requirement by informing parents of available post-secondary opportunities for students when they are at the secondary level. The Conference also redistributes any funds remaining after all awards have been distributed to qualifying districts with a foundation less than the basic level of \$8,019 on an equal per pupil basis.

### ***Sec. 22i. Technology Infrastructure Grants – NEW***

House provides \$75.0 million in competitive grants to districts and intermediate districts, on behalf of their constituent districts, for the development or improvement of the district's technology infrastructure in preparation for the planned implementation of online student achievement growth assessments in 2014-15. Grant awards are capped at \$2.0 million per school district, with awards granted to ISDs if the grant provides cost savings compared to grants given out to the individual constituent districts.

Senate does not concur with the House.

Conference concurs with the House, but provides \$50.0 million in competitive grants. The Conference also specifies that technology infrastructure includes hardware and software, and also specifies that grant funds may be used to access a computer adaptive student assessment test. The conference also permits the department to consult with the Department of Technology, Management, and Budget in administering the grants.

### ***Sec. 22j. Performance-Based Funding – NEW***

Executive provided grants as part of a 2-part award under Section 22f along with Best Practices. The performance-based grants would be a maximum \$100 per pupil based on student academic performance growth, which would equal a currently estimated \$70.0 million. Districts would receive a portion or all of the following:

- \$30 per pupil for meeting proficiency growth in mathematics for grades 3 to 8.
- \$30 per pupil for meeting proficiency growth in reading for grades 3 to 8.
- \$40 per pupil for meeting proficiency growth over 4 years for high school students in all subject areas.

For both of the grades 3 to 8 standards, MDE would determine a growth model based on recently revised MEAP cut scores using a metric that assigns districts points ranging from 0 to 3 for each student depending on whether or not they began the year performing proficiently and whether they decline, maintain, or improve proficiency over the school year. A district would be eligible if the district average number of points was greater than 1.5, the district tests at least 95% of its students in reading or mathematics, and the district had at least 30 students in grade 3 to 8 that had a performance level change designation.

For the high school standards, the awards would be made using a metric based on a positive 4-year trend ending with FY 2011-12 in the percentage of high school students in each district testing as proficient in all state assessment subject areas (mathematics, reading, science, social studies, and writing). A district would qualify if a linear regression of the district's percentage of high school students testing proficient over the 4-year period is at least equal to the statewide average linear regression over that same period, the district's linear regression is positive, the district tested 95% of its students on the Michigan Merit Exam, and the district had at least 20 students take all the tested subjects on the Michigan Merit Exam for each of the last 4 years.

House does not appropriate performance-based funding.

Senate provides \$40.0 million in performance-based funding. To be eligible for funding, districts offering any grades from grade 2 to grade 11 would have to test their students, using a computer-adaptive test, in the fall and spring. Grant funding would be awarded to districts on a per-pupil basis based on achievement gains in reading and mathematics that exceed normative growth.

Conference concurs with the Executive, but uses 2010-11 MEAP and MME data, specifies that grants are awarded based on improved proficiency as determined by the department, and provides that each district's allocation is subject to proration based on available appropriations.

### ***Sec. 25. Pupil Membership Adjustments – REVISED***

Conference revises this section, which allows for an adjustment to districts' pupil membership counts, to automatically adjust a district's pupil membership using the same process for all districts if a pupil transfers from one district to another district after the count day.

### ***Sec. 31a. At-Risk Pupil Support – REVISED***

Executive eliminates the application process for districts that meet Adequate Yearly Progress (AYP) to be allowed to use a portion of their At-Risk funding more flexibly than is otherwise allowed, and instead allows such districts to spend up to 20% of their at-risk funds more flexibly than required by statute as long as funds are still spent for specific purposes designed to benefit at-risk pupils and districts maintain documentation of these expenditures and make them available to MDE upon request.

House concurs with the Executive and would expand the language to allow districts to use at-risk funding for small class size in grades K-12 rather than just K-6 as is allowed under current law.

Senate concurs with the Executive and would expand the language to allow districts to use at-risk funding for small class size in grades K-12 rather than just K-6 as is allowed under current law.

Conference concurs with the House and Senate.

## **Major Boilerplate Changes From FY 2011-12**

### ***Secs. 32b, 32d, 32j, and 39. Early Childhood Programs – REVISED***

Current statute requires that the MDE work with ISDs, Early Childhood Investment Corporation (ECIC) and other stakeholders to report to the legislature regarding legislative intent to move funding in FY 2012-13 to an early childhood block grant program administered by ISDs in conjunction with local Great Start Collaboratives. The MDE complied and recommended a multi-year phase-in to the block grant. Phase 1 began in FY 2011-12 by making ISDs the fiduciary for each of the 4 separate appropriation sections.

Executive includes the Phase 2 recommendation for FY 2012-13, which would revise the formula for Great Start School Readiness (GSRP) district preschool funding so that the number of eligible pupils are measured, and slots are awarded, on an ISD-wide basis. ISDs would then determine how to distribute those slots among their constituent districts. As recommended by MDE, future phases would include rolling in the competitive (non-district) program preschool slots, as well as the Great Start Collaborative funding in Sec. 32b and the 0-5 parenting program funding in Sec. 32j. Additionally, the Executive recommends that Sec. 32d funds for Great Start School Readiness be used only for preschool programs, and that they should no longer be used to support Parents Involved in Education (PIE) programs funded under former Sec. 32b as in effect in FY 2001-02.

House concurs with the Executive, but permits funds to be used by a district for an existing PIE program.

Senate concurs with the Executive on changes to Sec. 32d, and rolls funding for Great Start Collaborative grants (Sec. 32b), GSRP competitive grants (Sec. 32d), and Great Parents Great Start grants (Sec. 32j) into a single block grant for early childhood programs (Sec. 32p). Intermediate districts would receive the same amount in block grant funds as they received in funds under the three separate grant programs in FY 2011-12, with ISDs required to apply to the department indicating how block grant funds would be expended. Requires each ISD receiving funding to convene a local great start collaborative to address the availability of 6 components of a great start system in its community including: physical health, social-emotional health, family supports, basic needs, economic stability and safety, and parenting education and early education and care. Goal of the collaborative is to ensure that every child is ready for kindergarten. Allows an ISD to carry forward unexpended funds for use in one subsequent fiscal year before having to return funds to the MDE.

Conference concurs with the Executive on changes to Sec. 32d, and rolls funding for Great Start Collaborative grants (Sec. 32b), and Great Parents Great Start grants (Sec. 32j) into a single block grant for each childhood programs, as recommended by the Senate. In addition to requiring ISDs to convene a local great start collaborative, each ISD is to convene a local Great Start Parent Coalition, although ISDs may reconstitute a collaborative or parent coalition found to be ineffective. The Conference allows funds to be used for an existing PIE program, but limits PIE services to families at or below 300% of the federal poverty level.

### ***Sec. 51a. Itinerant Special Education Staff – REVISED***

Allows Section 51a funds unexpended at book-closing to be allocated as additional reimbursement to school districts or intermediate districts who employed itinerant staff whose staff positions in 2003-04 were in another school district or intermediate district.

Executive eliminates this provision.

House provides that funding under this provision is capped at \$1.0 million in 2012-13, \$600,000 in 2013-14, \$300,000 in 2014-15, and eliminated in 2015-16.

Senate maintains current law.

Conference continues funding for itinerant staff, but provides that the additional reimbursements are not to be made after 2014-15.

### ***Sec. 56. Special Education Millage Equalization – REVISED***

Executive revises the per pupil millage equalization levels to \$194,400 for reimbursements made in FY 2012-13 and \$195,000 for reimbursements made in FY 2013-14, to adjust for taxable value estimates.

House revises equalization level to \$171,300 for FY 2012-13 and doesn't include FY 2013-14.

Senate revises equalization level to \$169,200 for FY 2012-13 and doesn't include FY 2013-14.

Conference does not update the equalization level for 2012-13. Instead, in 2012-13 only, each ISD is to receive the same amount it received in 2011-12.

### ***Sec. 62. Vocational Education Millage Equalization – REVISED***

Executive revises the per pupil millage equalization levels to \$194,200 for reimbursements made in FY 2012-13 and \$193,100 for reimbursements made in FY 2013-14, to adjust for taxable value estimates.

House revises equalization level to \$190,500 for FY 2012-13 and doesn't include FY 2013-14.

Senate revises the equalization level to \$186,600 for FY 2012-13 and doesn't include FY 2013-14.

Conference does not update the equalization level for 2012-13. Instead, in 2012-13 only, each ISD is to receive the same amount it received in 2011-12.

## **Major Boilerplate Changes From FY 2011-12**

### ***Sec. 81. ISD General Operations – REVISED***

Currently ISDs receive general operations funding under this section with limited requirements other than complying with the State School Aid Act and certain provisions of the Revised School Code.

Executive recommends that, for FY 2012-13 and FY 2013-14, ISDs receive 95% of their FY 2011-12 allocations based on the existing requirements but would require that in order to receive the final 5% of their FY 2011-12 allocations, each ISD would have to satisfy at least 4 out of the 5 following criteria by June 1, 2013:

- Enter into agreement with MDE to develop a service consolidation plan in 2012-2013 to reduce costs and to implement that plan in 2013-2014 and report to MDE by February 1, 2014 on its progress.
- Obtain competitive bids on at least 1 non-instructional service valued at \$50,000 or more for itself or its constituent districts.
- Develop 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.
- Provide to parents and community members a dashboard or report card including specified items demonstrating the ISD's efforts to manage its finances responsibly.
- Work in a consortium with or more other ISDs to develop information management system requirements and bid specifications that can be used as statewide models including student management systems, learning management tools, and business services.

House maintains base funding for ISDs at current-year levels and provides ISDs meeting the performance requirements recommended by the Executive with an additional 5% of the base allocation.

Senate maintains base funding for ISDs at current-year levels and provides ISDs meeting the performance requirements recommended by the Executive with an additional 3.2% of the base allocation.

Conference concurs with the Senate.

### ***Sec. 94a. Center for Education Performance and Information (CEPI) – REVISED***

Executive revises an \$850,000 grant that currently goes to a single partnership between an ISD and 1 high need local district into competitive grants to support collaborative efforts on the P-20 longitudinal data system including P-20 longitudinal data system portal hosting, hardware and software acquisition, maintenance, enhancements, user support and related materials and professional learning tools aimed at improving the utility of the P-20 longitudinal data system. Priority is given to an applicant that had received funding under this section in the prior fiscal year, but after 3 years of continuous funding would require an applicant to compete openly with other applicants.

House concurs with the Executive.

Senate concurs with the Executive.

### ***Sec. 95. Principal Educator Evaluator Training – NEW***

Executive creates a new grant program to train principals and assistant principals in educator evaluations. For FY 2012-13, all districts could apply for funds, but for FY 2013-14, priority would be given to districts with new building administrators who have not yet had training. In order to qualify as a department-approved training program, a program must include instructional content on methods of evaluating teachers consistently across multiple grades and subjects, include training on observation focused on reliability and bias awareness, incorporate online resources and videos of actual lessons for applying rubrics and consistent scoring, and align with recommendations of the Governor's Council on Educator Effectiveness. Grant awards would be determined by the MDE but shall not exceed \$350 per participant.

House concurs with the Executive, but specifies that the department must approve all training programs recommended by the Governor's Council on Educator Effectiveness, eliminates the requirement for online resources and requires that approved programs must provide on-going support to maintain inter-rater reliability, which is defined in the section.

Senate concurs with the Executive, but specifies that the department award grants to districts for programs that are consistent with districts' teacher evaluation tools, eliminates the requirement for online resources and requires that approved programs must provide on-going support to maintain inter-rater reliability, which is defined in the section.

Conference concurs with the House.

### ***Sec. 98. Michigan Virtual University (MVU) – REVISED***

Executive redefines the role of the MVU and requires that it establish the Center for Online Learning Research and Innovation which would research, design and recommend online and blended learning education delivery models, online assessments, criteria to monitor and evaluate cyber schools and online course providers, analyze student performance and course completion data from cyber schools and online course providers, design professional development for online learning, as well as a number of other related requirements as specified in statute. Also permits the appointment of an advisory group, which would make recommendations intended to accelerate innovation in the education system and better prepare students to be career and college ready and increase the proportion of Michigan citizens with high-quality degrees and credentials by at least 60% by 2025.

House concurs with the Executive, but does not establish the advisory group.

Senate concurs with the Executive, but does not establish the advisory group.

Conference concurs with the Executive.

### ***Sec. 101. Days and Hours of Instruction – REVISED***

Senate eliminates the requirement that districts report the number of planned hours of instruction. Actual hours of instruction would still have to be reported.

Conference eliminates the requirement that districts report the number of planned hours of instruction. Actual hours of instruction would still have to be reported.

**Major Boilerplate Changes From FY 2011-12**

**Sec. 101a. Verification of Dropouts – NEW**

Conference adds for 2012-13, if a districts wishes to enroll a pupil after the pupil has dropped out of another district and the pupil's most recent educating district has failed to immediately update the pupil's status in the Michigan student data system (MSDS) maintained by CEPI, the enrolling district may submit evidence to the department indicating that the pupil was a dropout. The department shall review the evidence to determine whether the pupil was a dropout. If so, the department would permit the pupil to enroll as a dropout in the new enrolling district.

**Sec. 102. Deficit Districts and Deficit Elimination Plans – REVISED**

Senate adds a requirement that districts with approved deficit elimination plans post them on the districts' websites.

Conference adds a requirement that districts with approved deficit elimination plans post them on the district's website. Also requires MDE to provide quarterly status reports on districts' progress in implementing their deficit elimination plans, and requires the Superintendent of Public Instruction to publicly present the quarterly report to the appropriations subcommittees.

**Sec. 147. Michigan Public School Employees Retirement System (MPERS) Employer Contribution Rates – REVISED**

Estimates the MPERS employer contribution rates for FYs 2012-13 and 2013-14 as follows, with the proviso that a different rate may be calculated by the Office of Retirement Services (ORS) pursuant to Senate Bill 1040:

	FY 2011-12		FY 2012-13		FY 2013-14	
	Employees Pre-July 1, 2010	Employees on or after July 1, 2010	Employees Pre-July 1, 2010	Employees on or after July 1, 2010	Employees Pre-July 1, 2010	Employees on or after July 1, 2010
Pension Normal Rate	3.74%	2.24%	3.47%	2.24%	3.94%	2.67%
Pension Unfunded Accrued Liability (UAL)	12.49%	12.49%	12.49%	12.49%	15.86%	15.86%
Early Retirement Incentive (5 - years)	0%	0%	2.66%	2.66%	2.66%	2.66%
Retiree Health Rate	8.50%	8.50%	8.75%	8.75%	8.75%	8.75%
<b>Total Rate</b>	<b>24.46%</b>	<b>23.23%</b>	<b>27.37%</b>	<b>26.14%</b>	<b>31.21%</b>	<b>29.94%</b>

**SCHOOL AID: FY 2011-12 Supplemental  
Summary: Conference Report  
House Bill 5372 (H-1) CR-1\*, ARTICLE I**



**Analysts: Bethany Wicksall  
Mark Wolf**

IDG/IDT	FY 2011-12 YTD as of 2/27/12	FY 2011-12 Executive	FY 2011-12 House	FY 2011-12 Senate	FY 2011-12 Conference	Difference: Conference From FY 2011-12 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	1,658,031,800	1,658,031,800	1,658,031,800	1,658,031,800	1,658,031,800	0	--
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	10,967,333,600	10,970,210,400	10,970,210,400	10,970,210,400	10,970,210,400	42,876,800	0.4
<b>GF/GP</b>	118,642,400	118,642,400	118,642,400	118,642,400	118,642,400	(40,000,000)	(33.7)
<b>Gross</b>	<b>\$12,744,007,800</b>	<b>\$12,746,884,600</b>	<b>\$12,746,884,600</b>	<b>\$12,746,884,600</b>	<b>\$12,746,884,600</b>	<b>\$2,876,800</b>	<b>0.0</b>

Notes: FY 2011-12 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 27, 2012.

**Overview**

The School Aid budget makes appropriations to the state's 549 local school districts, 256 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Michigan Strategic Fund, and other entities to implement certain grants and other programs related to K-12 education.

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>FY 2011-12 YTD (as of 2/27/12)</b>	<b>Conf. Change from YTD</b>
<b>1. Prop A Obligation - Foundation Allowances (Sec. 22a)</b>		<b>Gross \$5,769,000,000</b>	<b>\$7,000,000</b>
<u>Executive</u> increases funding Proposal A obligation foundation allowances by \$7.0 million to reflect revisions in pupil estimates and property taxable values from the January 2012 Consensus Revenue Estimating Conference. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Restricted	5,769,000,000	7,000,000
<b>2. Cash Flow Borrowing Costs (Sec. 11m)</b>		<b>Gross \$8,500,000</b>	<b>(\$6,400,000)</b>
<u>Executive</u> decreases funding for School Aid Fund cash flow borrowing by \$6.4 million due to lower borrowing and interest costs. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Restricted	8,500,000	(6,400,000)
<b>3. Promise Zone Reimbursement (Sec. 26c)</b>		<b>Gross N/A</b>	<b>\$276,800</b>
<u>Executive</u> appropriates funding from a reserve fund from the capture of the State Education Tax to the Baldwin Promise Zone in accordance with Michigan Promise Zone Authority Act, 2008 PA 549. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Restricted	N/A	276,800
<b>4. Special Education (Sec. 51a)</b>		<b>Gross \$1,392,169,100</b>	<b>\$2,000,000</b>
<u>Executive</u> increases required state payments by \$2.0 million based on updated cost estimates. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Federal	437,400,000	0
	Restricted	954,769,100	2,000,000
<b>5. General Fund-School Aid Fund Shift</b>		<b>Gross \$12,744,007,800</b>	<b>\$0</b>
<u>Executive</u> replace \$40.0 million GF/GP with additional School Aid Fund revenue. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Federal	1,658,031,800	0
	Restricted	10,967,333,600	40,000,000
	GF/GP	\$118,642,400	(40,000,000)

# SCHOOL AID LINE ITEM SUMMARY



Sec.	Foundation Allowance Increases:	FY 2011-12			FY 2012-13	FY 2012-13	FY 2012-13	FY 2012-13	
		Year-to-Date	Change from YTD	Revised FY 2011-12	Executive Recommendation	House Passed	Senate Passed	Change from FY 2011-12 YTD	Conference Committee
11g	Durant - Debt Service	\$39,000,000	\$0	\$39,000,000	\$39,000,000	\$39,000,000	\$39,000,000		\$39,000,000
11j	School Bond Redemption Fund	\$93,575,300	\$0	\$93,575,300	\$120,390,000	\$120,390,000	\$120,390,000	\$26,814,700	\$120,390,000
11m	Cash Flow Borrowing Costs	\$8,500,000	(\$6,400,000)	\$2,100,000	\$10,000,000	\$10,000,000	\$10,000,000	(\$5,300,000)	\$3,200,000
11p	Federal Ed Jobs Funding	\$4,700,000	\$0	\$4,700,000	\$0	\$0	\$0	(\$4,700,000)	\$0
11s	Education Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$6,000,000	\$0	\$0
22a	Proposal A Obligation Payment	\$5,769,000,000	\$7,000,000	\$5,776,000,000	\$5,707,000,000	\$5,707,000,000	\$5,707,000,000	(\$57,000,000)	\$5,712,000,000
22b	Discretionary Payment - State	\$3,052,000,000	\$0	\$3,052,000,000	\$3,027,000,000	\$3,077,000,000	\$3,344,800,000	\$100,300,000	\$3,152,300,000
22d	Isolated District Funding	\$2,025,000	\$0	\$2,025,000	\$2,025,000	\$2,025,000	\$2,025,000		\$2,025,000
22e	MBT Impact on Out of Formula Districts	\$700,000	\$0	\$700,000	\$0	\$0	\$0	(\$700,000)	\$0
22f	Best Practices	\$154,000,000	\$0	\$154,000,000	\$190,000,000	\$115,000,000	\$0	(\$74,000,000)	\$80,000,000
22g	Consolidation Innovation Grants - NEW	\$0	\$0	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
22h	Distressed District Student Transition Grants	\$4,000,000	\$0	\$4,000,000	\$0	\$0	\$0	(\$4,000,000)	\$0
22i	Technology Infrastructure Improvement Grants - NEW	\$0	\$0	\$0	\$0	\$75,000,000	\$0	\$50,000,000	\$50,000,000
22j	District Performance Funding - NEW	\$0	\$0	\$0	\$0	\$0	\$40,000,000	\$30,000,000	\$30,000,000
24	Court-Placed Pupils	\$8,000,000	\$0	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$0	\$8,000,000
24a	Juvenile Detention Facility Programs	\$2,114,800	\$0	\$2,114,800	\$2,135,800	\$2,135,800	\$2,135,800	\$21,000	\$2,135,800
24c	Youth Challenge Program	\$765,600	\$0	\$765,600	\$765,600	\$1,500,000	\$1,500,000	\$734,400	\$1,500,000
26a	Renaissance Zone Reimbursement	\$26,300,000	(\$1,162,500)	\$25,137,500	\$26,300,000	\$29,300,000	\$26,300,000	\$1,500,000	\$27,800,000
26b	PILT Reimbursement	\$1,838,000	\$1,162,500	\$3,000,500	\$1,838,000	\$1,838,000	\$1,838,000	\$1,331,500	\$3,169,500
26c	Promise Zone Funding - NEW	\$0	\$276,800	\$276,800	\$0	\$0	\$0	\$347,800	\$347,800
31a	"At Risk" Pupil Support	\$308,988,200	\$0	\$308,988,200	\$308,988,200	\$308,988,200	\$308,988,200	\$0	\$308,988,200
31a(6)	School Based Health Centers	\$3,557,300	\$0	\$3,557,300	\$3,557,300	\$3,557,300	\$3,557,300	\$0	\$3,557,300
31a(7)	Hearing and Vision Screening	\$5,150,000	\$0	\$5,150,000	\$5,150,000	\$5,150,000	\$5,150,000	\$0	\$5,150,000
31d	State School Lunch Programs	\$22,495,100	\$0	\$22,495,100	\$22,495,100	\$22,495,100	\$22,495,100	\$0	\$22,495,100
31d	Federal School Lunch Programs	\$402,506,000	\$0	\$402,506,000	\$402,506,000	\$402,506,000	\$402,506,000	\$0	\$402,506,000
31f	School Breakfast Program	\$9,625,000	\$0	\$9,625,000	\$9,625,000	\$9,625,000	\$9,625,000	\$0	\$9,625,000
32b	ECIC Collaborative Grants	\$5,900,000	\$0	\$5,900,000	\$5,900,000	\$5,900,000	\$0	(\$5,900,000)	\$0
32d	Great Start School Readiness - District Grants	\$95,700,000	\$0	\$95,700,000	\$95,700,000	\$95,700,000	\$105,700,000	\$5,000,000	\$100,700,000
32d	Great Start School Readiness - Competitive	\$8,875,000	\$0	\$8,875,000	\$8,875,000	\$8,875,000	\$0	\$0	\$8,875,000
32g	Early Learning Assessment/Quality Rating	\$12,500,000	\$0	\$12,500,000	\$0	\$0	\$0	(\$12,500,000)	\$0
32j	Great Parents Great Start ISD Grants	\$5,000,000	\$0	\$5,000,000	\$5,000,000	\$5,000,000	\$0	(\$5,000,000)	\$0
32p	Senate Early Childhood Block Grants	\$0	\$0	\$0	\$0	\$0	\$19,775,000	\$10,900,000	\$10,900,000
39a1	Federal "No Child Left Behind"	\$761,973,600	\$0	\$761,973,600	\$812,328,500	\$812,328,500	\$812,328,500	\$50,354,900	\$812,328,500
39a2	Other Federal Funding	\$32,359,700	\$0	\$32,359,700	\$33,514,100	\$33,514,100	\$33,514,100	\$1,154,400	\$33,514,100
51a(1)	Special Education - Federal Reimbursement	\$363,400,000	\$0	\$363,400,000	\$365,000,000	\$365,000,000	\$365,000,000	\$1,600,000	\$365,000,000
51a(2)	Special Ed ISD Foundation and Costs	\$247,000,000	\$500,000	\$247,500,000	\$257,300,000	\$257,300,000	\$257,300,000	\$10,400,000	\$257,400,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,000,000	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$1,000,000
51a(6)	Special Ed Admin Rules Changes	\$2,200,000	\$0	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$0	\$2,200,000
51a(12)	Special Ed Foundations for Non Sec. 52 to ISDs	\$5,000,000	\$300,000	\$5,300,000	\$4,800,000	\$4,800,000	\$4,800,000	\$600,000	\$5,600,000
51c	Special Ed Headlee Obligation (Durant)	\$647,500,000	\$1,200,000	\$648,700,000	\$672,900,000	\$672,900,000	\$672,900,000	\$30,500,000	\$678,000,000
51d	Special Education - Other Federal Grants	\$74,000,000	\$0	\$74,000,000	\$74,000,000	\$74,000,000	\$74,000,000	\$0	\$74,000,000
53a	Special Ed for Court Placed Pupils	\$13,500,000	\$0	\$13,500,000	\$13,500,000	\$13,500,000	\$13,500,000	\$0	\$13,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000	\$0	\$1,688,000	\$1,688,000	\$1,688,000	\$1,688,000	\$0	\$1,688,000
56	Special Ed ISD Millage Equalization	\$36,881,100	\$0	\$36,881,100	\$36,881,100	\$36,881,100	\$36,881,100	\$0	\$36,881,100
61a	Vocational-Technical Education Programs	\$26,611,300	\$0	\$26,611,300	\$26,611,300	\$30,000,000	\$26,611,300	\$0	\$26,611,300
62	ISD Vocational Education Millage Equalization	\$9,000,000	\$0	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000	\$0	\$9,000,000
74	Bus Driver Safety Instruction	\$1,625,000	\$0	\$1,625,000	\$1,625,000	\$1,625,000	\$1,625,000	\$0	\$1,625,000
74	School Bus Inspections	\$1,608,900	\$0	\$1,608,900	\$1,634,900	\$1,634,900	\$1,634,900	\$26,000	\$1,634,900
81	ISD General Operations Support	\$62,108,000	\$0	\$62,108,000	\$62,108,000	\$65,213,000	\$64,108,000	\$2,000,000	\$64,108,000
93	State Aid to Libraries for MELCat Support	\$1,304,300	\$0	\$1,304,300	\$1,304,300	\$1,304,300	\$1,304,300	\$0	\$1,304,300
94a	Center for Educational Performance	\$5,768,700	\$0	\$5,768,700	\$9,218,400	\$9,218,400	\$9,218,400	\$3,449,700	\$9,218,400
94a	Center for Educational Performance - Federal	\$2,893,200	\$0	\$2,893,200	\$193,500	\$193,500	\$193,500	(\$2,699,700)	\$193,500
95	Principal Educator Evaluation Training - NEW	\$0	\$0	\$0	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000
98	Michigan Virtual School	\$1,687,500	\$0	\$1,687,500	\$4,387,500	\$4,387,500	\$4,387,500	\$2,700,000	\$4,387,500

**SCHOOL AID LINE ITEM SUMMARY**



		FY 2011-12			FY 2012-13	FY 2012-13	FY 2012-13	FY 2012-13	
		Year-to-Date	Change from YTD	Revised FY 2011-12	Executive Recommendation	House Passed	Senate Passed	Change from FY 2011-12 YTD	Conference Committee
98	Michigan Virtual School - Federal	\$2,700,000	\$0	\$2,700,000	\$0	\$0	\$0	(\$2,700,000)	\$0
99	Math and Science Centers - State	\$2,625,000	\$0	\$2,625,000	\$2,625,000	\$2,625,000	\$2,725,000	\$100,000	\$2,725,000
99	Math and Science Centers - Federal	\$5,249,300	\$0	\$5,249,300	\$5,249,300	\$5,249,300	\$5,249,300	\$0	\$5,249,300
104	MEAP Testing - State	\$35,194,400	\$0	\$35,194,400	\$26,694,400	\$26,694,400	\$26,694,400	(\$8,500,000)	\$26,694,400
104	MEAP Testing - Federal	\$8,250,000	\$0	\$8,250,000	\$8,250,000	\$8,250,000	\$8,250,000	\$0	\$8,250,000
104c	Computer Adaptive Test	\$0	\$0	\$0	\$0	\$0	\$18,000,000	\$0	\$0
107	Adult Education	\$22,000,000	\$0	\$22,000,000	\$22,000,000	\$22,000,000	\$22,000,000	\$0	\$22,000,000
147a	MPERS One Time Cost Offset	\$155,000,000	\$0	\$155,000,000	\$179,000,000	\$248,506,300	\$0	\$0	\$155,000,000
147b	MPERS Reserve for Retirement Obligation Reform	\$133,000,000	\$0	\$133,000,000	\$0	\$0	\$0	(\$92,000,000)	\$41,000,000
147c	MPERS Prefunding - Unfunded Liability Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$130,000,000	\$130,000,000
152a	Adair - Database Payment	\$34,064,500	\$0	\$34,064,500	\$38,000,500	\$38,000,500	\$38,000,500	\$3,936,000	\$38,000,500
<b>TOTAL APPROPRIATIONS</b>		<b>\$12,744,007,800</b>	<b>\$2,876,800</b>	<b>\$12,746,884,600</b>	<b>\$12,687,014,800</b>	<b>\$12,816,749,200</b>	<b>\$12,712,649,200</b>	<b>\$200,520,700</b>	<b>\$12,944,528,500</b>
<b>REVENUE BY SOURCE</b>									
	Federal Aid	\$1,658,031,800	\$0	\$1,658,031,800	\$1,701,041,400	\$1,701,041,400	\$1,701,041,400	\$43,009,600	\$1,701,041,400
	School Aid Fund	\$10,967,333,600	\$42,876,800	\$11,010,210,400	\$10,785,973,400	\$10,782,707,800	\$10,715,091,400	(\$6,246,500)	\$10,961,087,100
	General Fund/General Purpose	\$118,642,400	(\$40,000,000)	\$78,642,400	\$200,000,000	\$333,000,000	\$296,516,400	\$163,757,600	\$282,400,000
<b>TOTAL REVENUE</b>		<b>\$12,744,007,800</b>	<b>\$2,876,800</b>	<b>\$12,746,884,600</b>	<b>\$12,687,014,800</b>	<b>\$12,816,749,200</b>	<b>\$12,712,649,200</b>	<b>\$200,520,700</b>	<b>\$12,944,528,500</b>

**FY 2012-13: Community Colleges  
Summary: Conference Report  
House Bill 5372 (H-1) CR-1\*, ARTICLE II**



**Analyst: Erik Jonasson**

	FY 2011-12 YTD as of 2/9/12	FY 2012-13 Revised Executive	FY 2012-13 House	FY 2012-13 Senate	FY 2012-13 Conference	Difference: Conference From FY 2011-12 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	0
<b>Federal</b>	0	0	0	0	0	0	0
<b>Local</b>	0	0	0	0	0	0	0
<b>Private</b>	0	0	0	0	0	0	0
<b>Restricted</b>	195,880,500	197,614,100	197,614,100	294,130,600	197,614,100	1,733,600	0.9
<b>GF/GP</b>	88,000,000	96,516,400	96,516,400	0	96,516,400	8,516,400	9.7
<b>Gross</b>	<b>\$283,880,500</b>	<b>\$294,130,500</b>	<b>\$294,130,500</b>	<b>\$294,130,600</b>	<b>\$294,130,500</b>	<b>\$10,250,000</b>	<b>3.6</b>
<b>FTEs</b>	0.0	0.0	0.0			0.0	0.0

Notes: (1) FY 2011-12 year-to-date (YTD) figures include mid-year budget adjustments through February 9, 2012, as well as adjustments for Other Post Employment Benefit prefunding under Senate Bill 683.  
(2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and appropriations designated as one-time.

**Overview**

The Community Colleges budget supports the 28 community colleges located throughout the state. The colleges are governed by locally-elected boards of trustees. The colleges offer numerous educational programs aimed at traditional transfer students, career and technical education, developmental and remedial education, and continuing education courses. The colleges are funded through a combination of state aid, local property tax revenue, tuition and fees revenue, and other sources of revenue such as federal grants and investment earnings. State aid makes up about 19% of total community college general fund operating revenue, although the revenue mix varies considerably among the colleges.

**Major Budget Changes From FY 2011-12 YTD Appropriations**

**1. Operations Funding**

Executive proposes an increase funding for community college operations of 3% (\$8.5 million GF/GP), with the funding increase distributed according to a performance funding formula. House retains operations funding at FY 2011-12 levels, but replaces some School Aid Fund revenue with GF/GP. Senate increases funding for community colleges by 3% using a modified version of the Performance Indicators funding formula (see boilerplate sec. 230). All GF/GP is replaced with School Aid Fund Revenue. Conference uses senate performance funding formula, but designates that all additional revenue be used for MPSERS payments. GF/GP is used in the same amount as the Executive recommendation.

	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 Conference Change
<b>Gross</b>	<b>\$283,880,500</b>	<b>\$8,516,400</b>
Restricted	195,880,500	0
GF/GP	\$88,000,000	\$8,516,400

**2. MPSERS Retirement Contributions**

Executive proposes distributing \$1.7 million from the School Aid Fund (SAF) to community colleges to offset a portion of retirement contributions owed by colleges for FY 2012-13, based on each college's proportion of the Michigan Public School Employee's Retirement System-covered payroll. House increases MPSERS contribution to \$10.2 million in School Aid Fund revenue at a rate of 3.6% of each community college's operations funding. Senate concurs with executive. Conference funds payments at \$1.7 million, in proportion to a community college's operations funding.

	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 Conference Change
<b>Gross</b>	<b>N/A</b>	<b>\$1,733,600</b>
Restricted	N/A	1,733,600

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>	<u>FY 2011-12 Year-to-Date (as of 2/9/12)</u>	<u>FY 2012-13 Conference Change</u>
<b>3. Renaissance Zone Reimbursements</b>	<b>Gross</b>	<b>N/A</b>
<u>Senate</u> adds \$100 placeholder for reimbursements to community colleges for property tax revenue lost due to renaissance zones. <u>House</u> does not include this placeholder, but appropriates \$4 million GF/GP as one time funding in the treasury budget for community college renaissance zone reimbursements. <u>Conference</u> does not include placeholder, but appropriates \$3.5 million as one time funding in the Treasury budget.	Restricted	\$0
		0

### Major Boilerplate Changes From FY 2011-12

#### **Sec. 205. Deprived and Depressed Communities - RETAINED**

Encourages colleges to ensure businesses in economically distressed areas compete for and perform contracts. Executive deletes, House concurs with deletion. Senate retains. Conference retains.

#### **Sec. 206. Payment of Appropriations - REVISED**

Provides for 11 payments per year to community colleges; directs Department of Treasury to withhold appropriations if colleges fail to submit Activities Classification Structure data. Executive adds authority to withhold appropriations if P-20 longitudinal data system data is not reported, and gives the state budget director the authority to determine if a community college is in compliance with the provisions of this section. House concurs with executive, with revised language. Senate concurs, with revised language, adds requirement that the state budget director notify the house and senate appropriations subcommittees before withholding funds. Conference uses Senate language.

#### **Sec. 208. Capital Outlay Funding - RETAINED**

Requires that funding appropriated in section 201 is not used to pay for the construction or maintenance of a self-liquidating project. Executive removes requirement that community colleges comply with requirements of the joint capital outlay subcommittee. House concurs. Senate and Conference retain current YTD language.

#### **Sec. 209. Transparency Website - REVISED**

Requires the colleges to post general fund expenditures on their websites. Executive deletes, House revises to require additional information to be posted on the web, including the number of faculty, number and range of employees at each position title, the number of students enrolled, and the number of students who received a degree in the most recently completed academic year. Senate revised by eliminating listing of names and salaries and added standard reporting on college websites with additional information required, and also includes penalty of withholding State aid payments for noncompliance. Conference used Senate language with revisions, removing some financial reporting requirements and requiring links to the Activity Classification Structure databook.

#### **Sec. 210. Collaboration With Four-Year Universities, Local Employers, and Each Other - RETAINED**

Encourages colleges to collaborate with four-year universities, particularly in areas of training, instruction, program articulation, and meeting local employment needs. Executive deletes, House concurs with deletion. Senate and Conference retain YTD language.

#### **Sec. 210a. Block Transfer - REVISED**

Establishes a 24-member committee made up of representatives from community colleges, universities, and the legislature to develop a process to improve the transferability of core college courses between community colleges and universities, including the development of equivalency standards and identifying equivalent courses offered by the institutions. Executive deletes, House retains section, reducing the number of representatives from community colleges and public universities from ten to five, and adds an additional report to be completed by September 1, 2013. Senate deletes. Conference uses House language.

#### **Sec. 211. Equal Opportunities - DELETED**

Encourages colleges to promote equal opportunities and foster a diverse student body and administration. Executive deletes. House retains current YTD language. Senate and Conference delete.

#### **Sec. 213. Reverse Transfer Agreements - REVISED**

Intent language directing the community colleges to work with public universities to increase the number of awards conferred to community college students who earn credits for course work taken at universities by providing for the "reverse transfer" of credits from the university to the community college. Executive revises to eliminate deadline for agreements to be in place. House retains current YTD language, with an extension of the deadline to August 1, 2013. Senate and Conference use executive language.

## **Major Boilerplate Changes From FY 2011-12**

### ***Sec. 214. Remedial Education Assessment Cut Score - DELETED***

Establishes a 12-member committee of community college representatives, K-12 education representatives, and lawmakers to develop a common set of "cut scores" to be utilized by the colleges to determine the placement of recent high school graduates in remedial education courses at the college. Executive deletes, House, Senate, and Conference concur with deletion.

### ***Sec. 216. Review of Statutory Mandates - RETAINED***

Intent language providing for the review of statutory mandates imposed on the colleges, including reviewing the costs and necessity of the mandates. Executive deletes. House retains current YTD language. Senate deletes. Conference retains current YTD language.

### ***Sec. 219. Recovery Act P-20 Data System - REVISED***

Provides that colleges shall comply with the provisions in the American Recovery and Reinvestment Act concerning the establishment of a statewide P-20 longitudinal data system. Executive retains with wording changes, House revises to require community colleges to submit P-20 data by June 30 of each year. Senate retains with wording changes. Conference uses House language.

### ***Sec. 229a. State Building Authority Rent Payments - NEW***

Executive adds language indicating the state share of costs for previously constructed capital outlay projects for community colleges. House, Senate, and Conference concur.

### ***Sec 230. Performance Indicators Formula - REVISED***

States intent that formula developed by performance indicator task force be used for funding distribution in future years. Executive deletes, House concurs with deletion. Senate revises to reflect the following distribution: 50% proportionate to base, 10% based on contact hour equated students, 7.5% based on administrative costs, 17.5% based on weighted degree completions, and 15% for local strategic value. "Local strategic value" is distributed proportionate to base funding, provided colleges meet a series of outlined requirements. Conference uses senate performance funding language, requires that all performance funding over FY 2011-12 appropriations be used for state employee retirement costs.

**Performance Funding in FY 2012-13 Budget\***

College	FY 2011-12 Current Funding	Performance Indicators Formula Components					\$1.7 million MPSERS payments	FY 2012-13 Increase	FY 2012-13 Total	FY 2012-13 Percent Change from FY 2011-12
		50% Distribution Proportionate to Base Funding	10.0% Student Contact Hour	7.5% Admin. Costs	17.5% Weighted Degrees	15.0% Strategic Value				
Alpena	\$4,984,300	\$74,800	\$7,000	\$18,100	\$27,000	\$22,400	\$30,400	\$179,700	\$5,164,000	3.61%
Bay de Noc	\$5,040,200	\$75,600	\$9,200	\$11,100	\$25,200	\$22,700	\$30,800	\$174,600	\$5,214,800	3.46%
Delta	\$13,336,200	\$200,000	\$38,900	\$31,800	\$105,800	\$60,000	\$81,400	\$517,900	\$13,854,100	3.88%
Glen Oaks	\$2,320,900	\$34,800	\$5,500	\$10,500	\$11,300	\$10,500	\$14,200	\$86,800	\$2,407,700	3.74%
Gogebic	\$4,140,500	\$62,100	\$4,600	\$10,500	\$15,400	\$18,600	\$25,300	\$136,500	\$4,277,000	3.30%
Grand Rapids	\$16,649,700	\$249,700	\$57,400	\$28,700	\$68,800	\$74,900	\$101,700	\$581,200	\$17,230,900	3.49%
Henry Ford	\$20,145,000	\$302,200	\$57,200	\$20,500	\$71,800	\$90,700	\$123,000	\$665,400	\$20,810,400	3.30%
Jackson	\$11,219,700	\$168,300	\$26,100	\$25,300	\$52,100	\$50,500	\$68,500	\$390,800	\$11,610,500	3.48%
Kalamazoo	\$11,522,700	\$172,800	\$38,100	\$32,200	\$62,500	\$51,900	\$70,400	\$427,900	\$11,950,600	3.71%
Kellogg	\$9,047,900	\$135,700	\$20,900	\$32,400	\$52,400	\$40,700	\$55,300	\$337,400	\$9,385,300	3.73%
Kirtland	\$2,872,900	\$43,100	\$7,100	\$20,700	\$24,500	\$12,900	\$17,500	\$125,800	\$2,998,700	4.38%
Lake Michigan	\$4,937,700	\$74,100	\$16,200	\$13,100	\$18,200	\$22,200	\$30,200	\$174,000	\$5,111,700	3.52%
Lansing	\$28,651,900	\$429,800	\$67,600	\$40,100	\$145,600	\$128,900	\$175,000	\$987,000	\$29,638,900	3.44%
Macomb	\$30,490,300	\$457,300	\$85,100	\$33,400	\$140,400	\$137,200	\$186,200	\$1,039,600	\$31,529,900	3.41%
Mid Michigan	\$4,266,800	\$64,000	\$17,500	\$11,900	\$33,200	\$19,200	\$26,100	\$171,900	\$4,438,700	4.03%
Monroe	\$4,094,000	\$61,400	\$14,300	\$31,300	\$22,500	\$18,400	\$25,000	\$172,900	\$4,266,900	4.22%
Montcalm	\$2,946,800	\$44,200	\$6,600	\$23,700	\$17,200	\$13,300	\$18,000	\$123,000	\$3,069,800	4.17%
Mott	\$14,526,400	\$217,900	\$43,400	\$31,200	\$71,500	\$65,400	\$88,700	\$518,100	\$15,044,500	3.57%
Muskegon	\$8,256,700	\$123,900	\$17,800	\$30,700	\$27,000	\$37,200	\$50,400	\$287,000	\$8,543,700	3.48%
North Central	\$2,886,500	\$43,300	\$8,400	\$25,900	\$15,800	\$13,000	\$17,600	\$124,000	\$3,010,500	4.30%
Northwestern	\$8,430,300	\$126,500	\$18,300	\$24,500	\$24,500	\$37,900	\$51,500	\$283,200	\$8,713,500	3.36%
Oakland	\$19,455,900	\$291,800	\$94,600	\$36,800	\$98,500	\$87,600	\$118,800	\$728,100	\$20,184,000	3.74%
St. Clair	\$6,534,100	\$98,000	\$17,300	\$14,700	\$33,200	\$29,400	\$39,900	\$232,500	\$6,766,600	3.56%
Schoolcraft	\$11,477,300	\$172,200	\$45,000	\$21,100	\$84,900	\$51,600	\$70,100	\$444,900	\$11,922,200	3.88%
Southwestern	\$6,143,700	\$92,200	\$10,900	\$5,800	\$16,400	\$27,600	\$37,500	\$190,400	\$6,334,100	3.10%
Washtenaw	\$11,827,300	\$177,400	\$48,900	\$29,900	\$158,500	\$53,200	\$72,200	\$540,100	\$12,367,400	4.57%
Wayne County	\$15,425,900	\$231,400	\$62,900	\$20,900	\$57,400	\$69,400	\$94,200	\$536,200	\$15,962,100	3.48%
West Shore	\$2,248,900	\$33,700	\$4,800	\$2,000	\$8,800	\$10,100	\$13,700	\$73,100	\$2,322,000	3.25%
<b>Total</b>	<b>\$283,880,500</b>	<b>\$4,258,200</b>	<b>\$851,600</b>	<b>\$638,800</b>	<b>\$1,490,400</b>	<b>\$1,277,400</b>	<b>\$1,733,600</b>	<b>\$10,250,000</b>	<b>\$294,130,500</b>	<b>3.68%</b>

\*All appropriations over FY 2011-12 funding are designated solely for offsetting MPSERS retirement costs.

**FY 2012-13: HIGHER EDUCATION**  
**Summary: Conference Report**  
**House Bill 5372 (H-1) CR-1\*, ARTICLE III**



Analyst: Kyle I. Jen

	FY 2011-12 YTD as of 2/9/12	FY 2012-13 Executive	FY 2012-13 House	FY 2012-13 Senate	FY 2012-13 Conference	Difference: Conference From FY 2011-12 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	98,326,400	97,026,400	99,026,400	97,026,400	97,026,400	(1,300,000)	(1.3)
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	200,219,500	200,565,700	200,565,700	200,565,700	200,565,700	346,200	0.2
GF/GP	1,065,632,500	1,102,389,400	1,100,049,500	1,102,939,400	1,101,628,300	35,995,800	3.4
<b>Gross</b>	<b>\$1,364,178,400</b>	<b>\$1,399,981,500</b>	<b>\$1,399,641,600</b>	<b>\$1,400,531,500</b>	<b>\$1,399,220,400</b>	<b>\$35,042,000</b>	<b>2.6</b>
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2011-12 year-to-date (YTD) figures include mid-year budget adjustments through February 9, 2012.  
(2) Appropriation figures for all years include all proposed appropriation amounts, including both standard appropriation items and appropriations 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 Agricultural Experiment Station and Cooperative Extension Service 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 2011-12 YTD Appropriations**

**1. University Operations**

Executive includes increase of \$36.2 million GF/GP (3.0%) to be distributed to the 15 public universities based on undergraduate degree growth, undergraduate critical skills area degrees, Pell Grants, and tuition restraint (universities increasing holding resident undergraduate tuition/fee increase at or below 4.0%). Universities required to participate in Michigan Transfer Network to receive funding increase.

House distributes increase based on undergraduate degrees/certificates, weighted for program length and critical skills areas (double weight). Universities required to comply with five requirements to receive funding increase: tuition restraint (limit established on two-year dollar basis), embryonic stem cell research reporting, participation in at least three reverse transfer agreements, dual enrollment policy that does not consider use of credits toward high school graduation requirements, and certification that university does not compel resident undergraduate students to carry health insurance. Funds not paid to a university not meeting all requirements would be reappropriated for various purposes.

Senate distributes increase through an across-the-board component (1.5%), a formula that awards points based on performance vs. national Carnegie Classification peers across eight metrics covering undergraduate and graduate instruction and research, and a tuition restraint component similar to Executive Budget, but with lower limit of 3.5%. Universities required to participate in Michigan Transfer Network and comply with embryonic stem cell research reporting requirements to receive funding increase.

Conference distributes increase based on critical skill area undergraduate degrees/certificates (\$6.0 million); performance comparisons vs. national peers for six-year graduate rate, total degree completions, and institutional support as a percentage of core expenditures (\$6.0 million each); research and development expenditures (\$3.0 million; doctoral/research Carnegie groups only); and a tuition restraint component with a 4.0% limit (\$9.1 million). See Sec. 265 for related tuition restraint provisions. Includes reverse transfer agreement, dual enrollment policy, and Michigan Transfer Network requirements to receive funding increase.

	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 Conference Change
<b>Gross</b>	<b>\$1,207,234,700</b>	<b>\$36,217,000</b>
Restricted	200,019,500	0
GF/GP	\$1,007,215,200	\$36,217,000

<b>Major Budget Changes From FY 2011-12 YTD Appropriations</b>		<b>FY 2011-12 Year-to-Date (as of 2/9/12)</b>	<b>FY 2012-13 Conference Change</b>
<b>2. Michigan Public School Employee Retirement System (MPERS)</b>	<b>Gross</b>	<b>NA</b>	<b>\$446,200</b>
<u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> include \$446,200 (School Aid Fund) to be allocated to the seven universities with employees in MPERS (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, Western) in proportion to retiree health care costs, in order to offset a portion of those costs.	Restricted	NA	\$446,200
<b>3. Agricultural Experiment and Cooperative Extension Activities</b>	<b>Gross</b>	<b>\$52,625,800</b>	<b>\$1,578,800</b>
<u>Executive</u> , <u>House</u> , and <u>Senate</u> maintain flat funding from FY 2011-12 for Agricultural Experiment Station and Cooperative Extension Service operated by Michigan State University at \$52.6 million GF/GP. <u>Conference</u> includes 3.0% funding increase. ( <u>House</u> and <u>Conference</u> rename "MSU AgBioResearch and MSU Extension Activities.")	GF/GP	\$52,625,800	\$1,578,800
<b>4. Facility for Rare Isotope Beams (MSU)</b>	<b>Gross</b>	<b>\$1,200,000</b>	<b>(\$1,200,000)</b>
<u>Executive</u> and <u>Senate</u> continue appropriation for Facility for Rare Isotope Beams project at Michigan State (which had been designated as a one-time appropriation in FY 2011-12), increasing appropriation to \$2.3 million GF/GP in FY 2012-13. <u>House</u> and <u>Conference</u> do not include this item in Higher Education budget; included in Department of Treasury budget instead.	GF/GP	\$1,200,000	(\$1,200,000)
<b>5. Autism Collaborative Center (EMU)</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
<u>Executive</u> and <u>House</u> do not continue appropriation of \$500,000 GF/GP for Autism Collaborative Center at Eastern Michigan (which had been designated as a one-time appropriation in FY 2011-12). <u>Senate</u> continues appropriation in FY 2012-13 at same funding amount, again designated as a one-time appropriation. <u>Conference</u> does not include this item in Higher Education budget; included in Community Health budget instead.	GF/GP	\$500,000	(\$500,000)
<b>6. Central Assessment Lending Library Program (CMU)</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
<u>Senate</u> adds appropriation of \$50,000 GF/GP for Central Assessment Lending Library Program at Central Michigan. <u>Conference</u> does not include this item in Higher Education budget; included in Department of Education budget instead.	GF/GP	NA	\$0
<b>7. Economic Development and Commercialization (WMU)</b>	<b>Gross</b>	<b>\$200,000</b>	<b>(\$200,000)</b>
<u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> do not continue appropriation of \$200,000 GF/GP for economic development and commercialization at Western Michigan (which had been designated as a one-time appropriation in FY 2011-12).	GF/GP	\$200,000	(\$200,000)
<b>8. State Competitive Scholarships</b>	<b>Gross</b>	<b>\$18,361,700</b>	<b>\$0</b>
<u>Executive</u> , <u>House</u> , and <u>Senate</u> increase appropriation by \$2.0 million, to \$20.4 million (TANF), based on a projected increase in eligible students. Program provides merit-/need-based awards to students at public/independent institutions. <u>Conference</u> retains current-year appropriation level.	Federal	18,361,700	0
<b>9. Tuition Grants</b>	<b>Gross</b>	<b>\$31,664,700</b>	<b>\$0</b>
<u>Executive</u> reduces appropriation by \$1.0 million, to \$30.7 million (TANF), based on a projected decline in eligible students. Program provides need-based awards to students at independent colleges. Performance reporting requirements added for independent colleges to participate in program. <u>House</u> increases appropriation by \$1.0 million and includes only intent language regarding independent college data reporting. <u>Senate</u> and <u>Conference</u> hold appropriation flat and do not include performance reporting requirements.	Federal	31,664,700	0
<b>10. Tuition Incentive Program</b>	<b>Gross</b>	<b>\$43,800,000</b>	<b>\$0</b>
<u>Executive</u> and <u>House</u> reduce appropriation by \$1.0 million, to \$42.8 million (TANF), due to lower program cost growth since FY 2010-11. Program pays associate's degree tuition costs for Medicaid-eligible middle- and high-school students who go on to graduate from high school and enroll in college. <u>Senate</u> reduces appropriation by \$2.0 million (\$1.0 million below Executive Budget). <u>Conference</u> retains current-year appropriation level.	Federal	43,800,000	0
<b>11. Robert C. Byrd Scholarship</b>	<b>Gross</b>	<b>\$1,300,000</b>	<b>(\$1,300,000)</b>
<u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> remove \$1.3 million in funding for merit-based Robert C. Byrd Honors Scholarships due to federal funding elimination.	Federal	1,300,000	(1,300,000)

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 Year-to-Date (as of 2/9/12)</u>	<u>FY 2012-13 Conference Change</u>
<b>12. Children of Veterans Tuition Grant Program</b>	<b>Gross</b>	<b>\$1,200,000</b>	<b>\$0</b>
<u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> replace \$100,000 in restricted funds with \$100,000 GF/GP to reflect declining income tax check-off contributions for program. (Line item also funds Officer's Survivor Tuition Program.)	Restricted	200,000	(100,000)
	GF/GP	\$1,000,000	\$100,000
<b>13. Other Higher Education Programs</b>	<b>Gross</b>	<b>\$6,091,500</b>	<b>\$0</b>
<u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> maintain flat appropriation levels for Project GEAR-UP scholarships (\$3.2 million Federal), the King-Chavez-Parks grant programs (\$2.7 million GF/GP), the higher education database (\$105,000 GF/GP), and Midwestern Higher Education Compact dues (\$95,000 GF/GP).	Federal	3,200,000	0
	GF/GP	\$2,891,500	\$0
<b>14. FY 2013-14 Appropriations</b>			
<u>Executive</u> indicates that the same \$36.2 million increase for university funding would again be allocated based on performance funding in FY 2013-14 (that is, FY 2012-13 increases would not be rolled into ongoing university base appropriations). <u>House</u> states intent to include FY 2012-13 performance funding in base FY 2013-14 operations appropriations. <u>Senate</u> and <u>Conference</u> state general intent to provide same appropriation amounts in FY 2013-14.			

### Major Boilerplate Changes From FY 2011-12

#### **Sec. 236a. Second-Year Appropriations – RETAINED**

States intent to provide same appropriation amounts for subsequent budget year, adjusted for caseload costs and other factors. Executive includes full listing of anticipated FY 2013-14 appropriation amounts. House retains current language and adds statement of intent that FY 2012-13 performance funding increases will be included in FY 2013-14 university base appropriations. Senate and Conference retain current language.

#### **Sec. 236b. Federal Contingency Funds – NEW**

Appropriates up to \$6.0 million in contingency funds, to be transferred to specific line items through the legislative transfer process. Executive, House, Senate, and Conference add new section.

#### **Sec. 237a. Research University Definition – DELETED**

Defines the term "Research University" to include three Carnegie Classification categories. Executive, House, Senate, and Conference delete.

#### **Sec. 237b. Definitions – NEW**

Defines the term "Workforce Development Agency." Executive, House, Senate, and Conference add new section.

#### **Sec. 239. American Goods and Services – RETAINED**

States preference for American goods and services, as well as those produced in Michigan and those produced by businesses owned by veterans. Executive deletes; House, Senate, and Conference retain.

#### **Sec. 239a. Foreign Auto Manufacturers – RETAINED**

States intent universities not use appropriations to purchase vehicles assembled outside U.S. Executive deletes; House, Senate, and Conference retain.

#### **Sec. 240. Deprived and Depressed Communities – DELETED**

Directs universities to ensure that businesses in deprived and depressed communities compete for and perform contracts. Executive, House, and Conference delete; Senate retains.

#### **Sec. 241. Payment of Appropriations – RETAINED**

Provides for 11 monthly payments to universities; directs Department of Treasury to withhold appropriations if universities fail to submit HEIDI data by specified deadlines. Executive revises to allow, rather than require, withholding of appropriation. House, Senate, and Conference retain current language.

#### **Sec. 242. Federal or Private Funds – RETAINED**

Appropriates federal or private funds received by the state for use by a college or university. Executive and House remove statement about receipt of funding not placing obligation on Legislature. Senate and Conference retain current language.

#### **Sec. 244. Postsecondary Student Data System – REVISED**

Requires universities to cooperate with measures taken by state to comply with American Recovery and Reinvestment Act (ARRA) provisions requiring establishment of a statewide P-20 education longitudinal data system. Executive, House, Senate, and Conference revise to remove reference to ARRA and authorize state budget director to withhold monthly payments for a university not in compliance.

## **Major Boilerplate Changes From FY 2011-12**

### **Sec. 245. Posting of Expenditures – REVISED**

Requires report from each university categorizing institutional general fund expenditures among major categories for all academic/administration units, as well as a list of all employee salary amounts for positions funded by general fund. Executive revises to remove salary information from reporting requirements. House retains current language and adds deadline (December 15). Senate revises to require various budget, compensation, other financial, and performance data on university website, using a standard format; allows Budget Director to withhold appropriation payments if university is not in compliance. Conference concurs with Senate language but inserts salary list as required reporting item.

### **Sec. 246. MPERS Reimbursement – NEW**

Provides for allocation of funding to the seven universities with employees in MPERS (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, Western) in proportion to retiree health care costs. Executive and Senate include language in appropriation section. House and Conference add new section.

### **Sec. 251. State Competitive Scholarship Program – REVISED**

Provides for distribution of funds appropriated for State Competitive Scholarships; specifies maximum grant amount of at least \$600, unless insufficient funds are available, in which case a report is required. Executive, House, Senate, and Conference revise to reflect actual FY 2011-12 maximum grant amount of \$575.

### **Sec. 252. Tuition Grant Program – REVISED**

Provides for distribution of funds appropriated for Tuition Grants; specifies maximum grant amount of at least \$1,512, unless insufficient funds are available, in which case a report is required; limits award eligibility to undergraduate students; provides for carry forward of unexpended funds; caps awards received by students at a single institution at \$3.0 million. Executive revises to move application deadline from July 1 to March 1 for FY 2013-14 and subsequent years, remove carry forward provision, and add student-level data submission and performance reporting requirements in order for an institution to participate in the program. House retains current deadline, concurs with removing carry forward provision, includes intent that independent institutions work with the Center for Educational Performance and Information to work toward establishment of a student-level data reporting process, and adds provision for report if additional funds are available beyond \$1,512 maximum award amount. Senate retains current deadline and carry forward provisions and does not include data submission and performance reporting requirements. Conference concurs with Senate but includes House language regarding funds available beyond \$1,512 maximum award amount.

### **Sec. 254. Financial Aid Payment Schedules – REVISED**

Specifies 50%/50%/0%/0% quarterly payment schedule for financial aid programs. Executive, House, and Conference revise to 50%/30%/10%/10% schedule. Senate retains current schedule.

### **Sec. 256. Tuition Incentive Program – REVISED**

Specifies criteria for Tuition Incentive Program eligibility. Executive, House, Senate, and Conference revise to allow students with high school certificates of completion to participate and include more specific process for certifying Medicaid eligibility. Conference also adds clarification that term "incarcerated" does not apply to individuals detained in juvenile detention facilities.

### **Sec. 260. Purpose of University Appropriations – NOT INCLUDED**

States intent that operations appropriations to universities be used to reduce the cost charged to Michigan residents to enroll in an undergraduate instructional program. House adds new section. Senate and Conference do not include.

### **Sec. 261. Douglas Lake Biological Station – RETAINED**

Designates University of Michigan Douglas Lake Station as a unique resource. Executive deletes; House, Senate, and Conference retain.

### **Sec. 262. Textbook Policies – DELETED**

States intent that universities submit report on policies for minimizing the costs of textbooks. Executive, House, Senate, and Conference delete.

### **Sec. 263. Project GREEN – REVISED**

Allocates \$5.6 million from Agricultural Experiment and Cooperative Extension Activities appropriation for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs); requires report. House, Senate, and Conference delete reporting requirement (similar report required in Sec. 263a) and rename programs as "MSU AgBioResearch" and "MSU Extension."

### **Sec. 263a. Research and Outreach Priorities – REVISED**

Directs Michigan State University to develop, in consultation with Agricultural Experiment and Cooperative Extension Service stakeholders, a set of research and outreach priorities and convene a summit on production agriculture; requires report on fund sources and review of major programs. Executive deletes. House, Senate, and Conference retain but revise to provide for establishment of a strategic growth initiative for the food agriculture industry and state intent regarding metric goals that will be used to evaluate impacts of MSU AgBioResearch and MSU Extension (renamed). (Senate and Conference include more specific quantitative goals and description for strategic growth initiative.)

### **Sec. 263b. Agricultural Experiment Station and Cooperative Extension – NOT INCLUDED**

States intent to provide 3.0% funding increase if May revenue estimates are higher than January revenue estimates. Senate adds new section. Conference does not include (3.0% increase provided in appropriation section).

## **Major Boilerplate Changes From FY 2011-12**

### **Sec. 265. Tuition Restraint – REVISED**

Provides for tuition restraint incentive funds appropriated to universities to be paid only if a university certifies that it did not adopt an increase in FY 2010-11 resident undergraduate tuition/fees after February 1, 2011, and that it will not adopt an increase in FY 2011-12 resident undergraduate tuition/fees that is greater than the prior-five-year statewide average tuition/fee increase (7.1%). Executive revises to provide for allocation of funding component tied to tuition restraint in FY 2012-13; universities holding resident undergraduate tuition/fee increase at or below 4.0% would receive funds in proportion to amount below 4.1%. Expands definition of "tuition and fee rate" to be more specific. Deletes related financial reporting requirements. House concurs with new definition of "tuition and fee rate" but ties tuition restraint requirements to full amount of performance funding and sets FY 2012-13 tuition restraint limit on two-year basis: \$1,300 minus a university's FY 2011-12 tuition and fee rate increase and the FY 2012-13 performance funding received by the university divided by its total FY 2010-11 undergraduate fiscal year equated students (equates to range of 0.0% to 9.6%; average of 4.6%). Retains related financial reporting requirements. Senate concurs with Executive but lowers limit to 3.5% and retains related financial reporting requirements. Conference concurs with Executive (4.0% limit) but defines the term "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; retains related financial reporting requirements.

### **Sec. 265a. University Performance Funding – NEW**

Requires universities to participate in Michigan Transfer Network to receive performance funding, describe calculation of performance funding amounts, and requires new reporting regarding graduates receiving Pell Grants (to be used as part of FY 2013-14 performance funding). Executive adds new section.

House includes alternate formula description and ties receipt of performance funding to five requirements:

- Tuition restraint: limit on resident undergraduate tuition/fee increase established on two-year basis: \$1,300 less FY 2011-12 tuition/fee increase less FY 2012-13 appropriation increase per undergraduate student
- Reporting on embryonic stem cell research
- 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
- Certification that university does not compel resident undergraduate students to carry health insurance (exception for students in health programs that include clinical work)

Establishes process for universities to certify (by August 31, 2012) they have complied, or will comply with, all requirements. Provides for reappropriation of any funds forfeited due to discompliance:

- Up to \$1.1 million for MPERS reimbursement
- Up to \$1.6 million for MSU AgBioResearch and MSU Extension
- Any additional funds for university performance funding

Requires universities to begin reporting whether bachelor's degree completions require more than 120 credits (or 60 credits for associate's degrees). States intent that future performance funding will require an increased number of reverse transfer agreements, require participation in a core college course process with community colleges, and consider the number of GI Bill participants enrolled and completing degrees at each university.

Senate concurs with Executive requirement that universities to participate in Michigan Transfer Network to receive performance funding, but adds requirement that universities comply with embryonic stem cell research reporting requirements (see Sec. 274) and describes alternate formula calculations used to determine university appropriation amounts. Provides for distribution of funds to other universities if a university does not participate in Michigan Transfer Network.

Conference includes three requirements to receive performance funding:

- Certification that university participates in reverse transfer agreements with at least three Michigan community colleges (or has made a good faith effort toward entering into such agreements)
- Certification that dual enrollment policy does not consider use of credits toward high school graduation requirements
- Participation in Michigan Transfer Network

Establishes process for universities to certify (by August 31, 2012) they have complied, or will comply with, all requirements. Provides for reappropriation of funds forfeited due to discompliance; funds would be added to tuition restraint incentive funding.

### **Sec. 266. University Funding Formula – DELETED**

States that, in subsequent budget years, university operations funding shall be allocated to each university using an incentive-based formula developed and enacted by the Legislature. Executive, House, and Senate delete.

### **Sec. 268. Unfunded Indian Tuition Waiver Costs – RETAINED**

States intent to allocate funds for unfunded Indian Tuition Waiver costs at universities. Executive deletes; House, Senate, and Conference retain.

### **Sec. 270a. Consolidation of Purchases – DELETED**

Requires universities to coordinate purchases of goods and services; requires report from Presidents Council on purchasing and associated savings. Executive, Senate, and Conference delete; House retains.

### **Sec. 271. Academic Program Accreditation – DELETED**

Requires universities to report on expenditures made for academic program accreditation. Executive, House, Senate, and Conference delete.

## **Major Boilerplate Changes From FY 2011-12**

### ***Sec. 272. Transfer Credit Reporting – DELETED***

Requires universities to report on the transfer credits rejected for incoming students. Executive, House, Senate, and Conference delete.

### ***Sec. 273. Student Religious Beliefs – RETAINED***

States intent that universities report on efforts to accommodate the religious beliefs of students in accredited counseling programs. Executive deletes; House, Senate, and Conference retain.

### ***Sec. 273a. Non-Profit Worker Centers – NEW***

States intent that universities not collaborate with a non-profit worker center whose documented activities include coercion through protest, demonstration, or organization against a Michigan business. House adds new section. Senate does not include. Conference includes but modifies to reference use of appropriated funds.

### ***Sec. 274. Embryonic Stem Cell Research – REVISED***

States intent that universities conducting research using human embryonic stem cells report to the Department of Community Health regarding embryos and stem cell lines received or utilized by the university. Executive deletes. House and Senate retain and revise to make reporting a condition of receiving performance funding and change report recipients to state budget director, appropriations subcommittees, and fiscal agencies. Conference includes but modifies to state intent that organizations conducting embryonic stem cell research provide certain information regarding stem cell lines to Department of Community Health.

### ***Sec. 274a. Adult Coresident Health Benefits – RETAINED***

States intent that universities not provide benefits to unmarried adult coresidents or their dependents and report on the costs of providing any such benefits. Executive and Senate delete; House and Conference retain.

### ***Sec. 275. Veterans Policies – RETAINED***

States intent for universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services; requires report on program participation. Executive and House revise to remove reporting requirement. Senate and Conference retain reporting requirement.

### ***Sec. 275a. Capital Outlay Reporting – RETAINED***

Prohibits use of state funds for self-liquidating projects; requires compliance with Joint Capital Outlay Subcommittee reporting requirements, with specified penalty of 1.0% appropriation reduction. Executive and House revise to remove reference reporting requirements and specified penalty. Senate and Conference retain current language.

### ***Sec. 283. Information to High Schools – REVISED***

Requires universities to inform high schools regarding academic status of students from each high school. Executive, House, Senate, and Conference revise to require universities to work with Center for Educational Performance and Information to implement requirement.

### ***Sec. 284. Information to Community Colleges – REVISED***

Requires universities to inform community colleges regarding academic status of transfer students. Executive, House, Senate, and Conference revise to require universities to work with Center for Educational Performance and Information to implement requirement.

### ***Sec. 290. Degree Programs – RETAINED***

Lists new degree programs established by public universities for which credit hours may be reported to HEIDI. Executive and Senate delete; House and Conference retain and insert new list from Presidents Council.

### ***Sec. 292. Crime Statistics – DELETED***

Requires universities to make materials prepared in accordance with federal crime and campus security reporting requirements available through the Internet. Executive and House delete; Senate and Conference delete but merge into reporting requirements under Sec. 245.

### ***Sec. 293. Student Records – RETAINED***

Requires universities to provide student record information to authorized persons. Executive and House delete; Senate and Conference retain.

### ***Sec. 293a. State Building Authority (SBA) Rent Payments – NEW***

States amounts appropriated through Department of Technology, Management, and Budget for SBA rent payments associated with state costs for previous capital projects at universities (total: \$124.0 million). Executive, House, Senate, and Conference add new section.

### ***Sec. 294. One-Time Appropriations – DELETED***

Appropriates \$1.9 million GF/GP on a one-time basis only in FY 2011-12. Executive, House, Senate, and Conference delete.

FY 2012-13 University Performance Funding: HB 5372 (H-1) CR-1\*

FY 2012-13 University Performance Funding: HB 5372 (H-1) CR-1*													
	<b>Component funding:</b>	\$6,036,167		\$6,036,167		\$6,036,167		\$6,036,167		\$3,018,083			
	<b>Funding per unit/point:</b>	\$403		\$232,160		\$163,140		\$355,069		0.0025			
		\$ Allocation per Degree		Scored vs. National Carnegie Peers						% of R&D Expend			
		Critical Skills		Score:		Score:		Score:		FY 2009-10		Total	% Change
University	FY 2011-12 Appropriation	Undergrad Degrees/Certifs	Performance Funding	Six-Year Grad Rate	Performance Funding	Total Degree Completions	Performance Funding	Inst Support as % of Core Exp	Performance Funding	Total R&D Expenditures	Performance Funding	Performance Funding	from FY 2011-12
Michigan State	\$241,120,800	2,894	\$1,166,943	3	\$696,481	3	\$489,419	1	\$355,069	\$276,579,627	\$700,532	\$3,408,400	1.4
UM-Ann Arbor	268,803,300	2,534	1,021,736	3	696,481	3	489,419	1	355,069	667,498,000	1,690,665	4,253,400	1.6
Wayne State	182,036,900	778	313,698	0	0	3	489,419	0	0	153,631,812	389,125	1,192,200	0.7
Michigan Tech	40,733,600	916	369,215	3	696,481	3	489,419	0	0	47,858,000	121,217	1,676,300	4.1
Western	93,168,300	1,115	449,580	1	232,160	2	326,279	3	1,065,206	30,300,890	76,747	2,150,000	2.3
Central	68,108,900	749	301,803	2	464,321	2	326,279	1	355,069	7,482,871	18,953	1,466,400	2.2
Oakland	43,145,000	938	378,010	0	0	3	489,419	0	0	8,229,811	20,845	888,300	2.1
Eastern	64,619,100	712	286,885	0	0	2	326,279	3	1,065,206			1,678,400	2.6
Ferris	41,324,300	1,169	471,152	3	696,481	3	489,419	0	0			1,657,100	4.0
Grand Valley	52,677,400	1,300	524,073	3	696,481	3	489,419	2	710,137			2,420,100	4.6
Saginaw Valley	23,561,500	408	164,308	3	696,481	0	0	3	1,065,206			1,926,000	8.2
UM-Dearborn	21,016,300	399	160,881	1	232,160	3	489,419	0	0			882,500	4.2
UM-Flint	17,762,400	385	155,236	3	696,481	3	489,419	0	0			1,341,100	7.6
Northern	38,367,400	483	194,600	1	232,160	3	489,419	3	1,065,206			1,981,400	5.2
Lake Superior	10,789,500	194	78,046	0	0	1	163,140	0	0			241,200	2.2
<b>TOTAL</b>	<b>\$1,207,234,700</b>	<b>14,970</b>	<b>\$6,036,167</b>	<b>26</b>	<b>\$6,036,167</b>	<b>37</b>	<b>\$6,036,167</b>	<b>17</b>	<b>\$6,036,167</b>	<b>\$1,191,581,011</b>	<b>\$3,018,083</b>	<b>\$27,162,800</b>	<b>2.25</b>
<u>Critical Skills Areas</u>				<u>Scoring</u>						<u>Remainder for Tuition Restraint:</u>		\$9,054,200	
Accounting				3 = Improvement over three years						<b>Total Funding Increase:</b>		\$36,217,000	
Agriculture, Ag Operations, and Related Sciences				2 = Top 20% nationally						<b>% Increase:</b>		3.00	
Architecture				1 = Above national median									
Biological and Biomedical Sciences													
Communications Technologies/Techs & Supp Services													
Computer and Information Sciences & Support Services													
Construction Trades													
Engineering													
Engineering Technologies & Engineer-Related Fields													
Health Professions and Related Sciences													
Mathematics and Statistics													
Mechanic and Repair Technologies/Technicians													
Multi/Interdisciplinary Studies (Biological/Physical Sciences, Math/Computer Science)													
Natural Resources and Conservation													
Physical Sciences													
Precision Production													
Science Technologies/Technicians													
Transportation and Materials Moving													



