

FY 2021-22: HIGHER EDUCATION

Summary: As Reported by House Appropriations Committee House Bill 4400 (H-2)



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IDG/IDT	FY 2020-21 YTD as of 2/11/21	FY 2021-22 Executive	FY 2021-22 House	FY 2021-22 Senate	FY 2021-22 Conference	Difference: House From FY 2020-21 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	126,026,400	122,726,400	128,526,400			2,500,000	2.0
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	356,063,300	361,403,300	361,403,300			5,340,000	1.5
GF/GP	1,217,835,700	1,247,837,600	1,218,971,500			1,135,800	0.1
Gross	\$1,699,925,400	\$1,731,967,300	\$1,708,901,200			\$8,975,800	0.5

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Higher Education budget, contained in Article III of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs operated by Michigan State University; some retirement costs for employees who participate in the state public school employee retirement system; 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 2020-21 YTD Appropriations

1. University Operations Increase

Executive increases university operations funding by \$29.7 million GF/GP. This includes a one-time \$29.2 million GF/GP increase to operations grants for universities, a 2.0% increase, and a \$484,000 GF/GP increase based on FY 2019-20 North American Indian Tuition Waiver program costs reported by institutions. Attainment of the one-time operations increase, labeled operational support payments, would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 4.2% or \$590 (set at 4.25% or \$586 in the current year). Projected funding increases for individual universities would range from 1.7% to 2.1%. Total funding for operations would be \$1.5 billion Gross (\$1.2 billion GF/GP).

House increases university operations funding by \$484,000 GF/GP based on FY 2019-20 North American Indian Tuition Waiver program costs reported by institutions. All operations funding would be allocated based on a funding formula that primarily uses a 3-year average of fiscal year equated students (FYES) multiplied by an established funding per FYES measure and FY 2020-21 appropriations levels and a 10% cap on increases above FY 2020-21 levels, with amounts over the cap redistributed through an iterative process to all institutions below the cap. House does not include the one-time funding increase or the undergraduate tuition and fee restraints. Projected funding changes for individual universities would range from (12.2%) to 10.1%. Total funding for operations would be \$1.5 billion Gross (\$1.2 billion GF/GP).

	FY 2020-21 Year-to-Date (as of 2/11/21)	FY 2021-22 House Change
Gross	\$1,473,667,300	\$484,000
Restricted	343,168,300	0
GF/GP	\$1,130,499,000	\$484,000

<u>Major Budget Changes from FY 2020-21 YTD Appropriations</u>		<u>FY 2020-21 Year-to-Date (as of 2/11/21)</u>	<u>FY 2021-22 House Change</u>
2. Michigan State University Extension and AgBioResearch Programs One-Time Funding Increase	Gross	\$65,073,400	\$0
<u>Executive</u> increases a one-time operations increase for MSU's AgBioResearch program of \$698,700 GF/GP and Extension program of \$602,700 GF/GP, a 2.0% increase for both programs. Total funding for AgBioResearch and Extension programs would be \$66.4 million GF/GP. <u>House</u> does not include.	GF/GP	\$65,073,400	\$0
3. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$11,695,000	\$1,800,000
<u>Executive</u> increases funding by \$1.8 million School Aid Fund (SAF) for the state's share of the universities' UAAL contribution to MPERS, a 15.4% increase. The state's share is the difference between the calculated unfunded accrued liability contribution to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Funding for the state share of MPERS would be \$13.5 million SAF. <u>House</u> concurs.	Restricted	11,695,000	1,800,000
	GF/GP	\$0	\$0
4. MPERS Normal Cost Offset	Gross	\$1,200,000	\$3,540,000
<u>Executive</u> increases reimbursement funding provided to universities by \$3.5 million SAF, a 295.0% increase, for the normal cost required to maintain the assumed rate of return for MPERS at 6.8%. Total funding for the MPERS Normal Cost Offset would be \$4.7 million GF/GP. <u>House</u> concurs.	Restricted	1,200,000	3,540,000
	GF/GP	\$0	\$0
5. Tuition Incentive Program	Gross	\$68,800,000	\$2,500,000
<u>Executive</u> decreases Tuition Incentive Program (TIP) by \$3.3 million federal TANF funding, a 4.8% decrease. TIP pays Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The decrease is the net result of a \$2.5 million increase to address anticipated program growth in FY 2021-22, and a \$5.8 million reduction through implementation of a program reimbursement rate cap of 2.5 times the average in-district community college tuition rate. Total funding for TIP would be \$65.5 million TANF. <u>House</u> increases TIP by \$2.5 million federal TANF funding to address anticipated program growth in FY 2021-22. Does not include the reimbursement rate cap. Total funding for TIP would be \$71.3 million TANF	Federal	68,800,00	2,500,000
	GF/GP	\$0	\$0
6. Bay Mills Community College One-Time Pass-through Payment	Gross	\$1,000,000	(\$1,000,000)
<u>Executive</u> removes \$1.0 million GF/GP in one-time funding to Bay Mills Community College, a tribal college, as a pass-through payment through Lake Superior State University. The payment helps the college offset the costs of educating non-Native American students. <u>House</u> concurs.	GF/GP	\$1,000,000	(\$1,000,000)
7. Pregnant and Parenting Support Services	Gross	\$0	\$500,000
<u>House</u> adds \$500,000 GF/GP for pregnant and parenting services. Universities that establish and operate a pregnant and parenting student services office according to the guidelines found in 2004 PA 500 are eligible for grants to operate the office.	GF/GP	\$0	\$500,000
8. Calvin University Prison Initiative One-Time Funding	Gross	\$0	\$1,000,000
<u>House</u> adds \$1,000,000 GF/GP to Calvin University's prison collegiate education initiative program. The university would work with other public universities to establish additional collegiate educational programs in public correctional facilities.	GF/GP	\$0	\$1,000,000

<u>Major Budget Changes from FY 2020-21 YTD Appropriations</u>		<u>FY 2020-21 Year-to-Date (as of 2/11/21)</u>	<u>FY 2021-22 House Change</u>
9. Wayne State University De-escalation Training Center	Gross	\$0	\$150,000
<u>House</u> adds \$150,000 GF/GP to Wayne State University for a non-profit de-escalation training center. The center would be used, but not limited to, training law enforcement agencies at no charge for participating agencies.	GF/GP	\$0	\$150,000

Major Boilerplate Changes from FY 2020-21

Sec. 236i. One-Time Operational Support Payment Detail – NOT INCLUDED

Executive adds language detailing the one-time operational support payment allocations for each university, along with one-time appropriations for MSU’s AgBioResearch and Extension programs. House does not include.

Sec. 245. Transparency Website and Various Reporting Requirements – REVISED

Requires each university to post on its website specified data on budget, revenue, expenditures, and employee compensation, as well as university performance data, information on transfer policies and opportunities for high school students to earn college credit, collective bargaining agreements, benefit plans, and audits. Executive deletes requirement that state budget director determine compliance and language granting authority to withhold payments for a university not in compliance. Deletes reporting requirements about institutional positions in addition to reporting on career and technical programs, dual enrollment and early middle college programs. House retains deleted language but adds requirement that universities submit information to the Michigan Association of State Universities (MASU), which will compile and report the data to the House and Senate Appropriation Subcommittees on Higher Education, House and Senate Fiscal Agencies and the state budget director.

Sec. 245a. Campus Safety Information and Resources, Safety Reporting Requirements – REVISED

Requires universities to develop a “campus safety information and resources” webpage, which must be linked and displayed on their home webpage. The page must display various safety information and policies, and the schools must certify compliance to the state budget director by October 1, 2020, or have monthly state payments withheld. Executive deletes certification requirement to the state budget director. House retains deleted language but updates dates.

Sec. 252. Tuition Grant Program Detail – REVISED

Provides for distribution of funds appropriated for Tuition Grants; specifies grant amount of \$2,800, unless insufficient funds are available, in which case a report is required. Executive deletes language that specifies that the \$4.8 million institutional cap does not apply to any other student financial aid program or in combination with any other financial aid program. House retains deleted language but adds an institutional cap exemption for prisoner education programs.

Sec. 256. Tuition Incentive Program Detail – REVISED

Specifies criteria for Tuition Incentive Program (TIP) eligibility; provides for award conditions and limits under Phases I (associate degree and certificate programs) and II (third and fourth years toward bachelor’s degree) of the program. Executive includes new language that states the program will cover tuition and fees that do not exceed 2.5x the in-district community college tuition per-credit rate of the previous academic year. House does not include new language but makes various minor technical revisions.

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

Executive deletes legislative intent language that instructs the Department of Treasury to launch an aggressive information campaign about state scholarships and the eligibility requirements. House retains.

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

Requires the Department of Treasury, working with the Michigan College Access Network, the Michigan Association of State Universities (MASU), the Michigan Community College Association (MCCA), and Michigan Independent Colleges and Universities (MICU) to the extent possible, create a website containing various student loan and other financial aid information. Requires universities to post a link to the website on its homepage. Executive deletes list of loan servicers and student loan information, and adds information on the federal public service loan forgiveness program. House retains.

Sec. 261. University of Michigan’s Douglas Lake Biological Station – RETAINED

Executive deletes legislative intent language that designates the University of Michigan’s Douglas Lake Biological Station as a unique research resource and aims to protect the lake area. House retains.

Major Boilerplate Changes from FY 2020-21

Sec. 264a. Michigan State University's 4-H Program In-Person Metrics – NEW

House adds conditions to Michigan State's Extension program funding in which MSU must establish metrics and policies that will lead to in-person meetings, events and activities for the 4-H program in 2021 and post the established metrics to a public website while also submitting the information to the House and Senate Appropriation Subcommittees on Higher Education, House and Senate Fiscal Agencies and the state budget director.

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

Provides tuition restraint requirements in order to receive performance funding increase. Executive revises requirement to apply to one-time operational support payments for FY 2021-22. Revises tuition restraint cap for universities to the greater of 4.2% or \$590. Revises reporting date from October 1 to the last business day of August. Deletes legislative intent language that indicates universities that violate the tuition restraint cap shall not receive a capital outlay project authorization in FY 2020-21, FY 2021-22, and FY 2022-23 and will have its appropriation adjusted. House deletes.

Sec. 265a. Performance Funding Formula Detail and Additional Requirements – REVISED

Includes requirements for a university to receive the performance funding increase. Executive revises language specifying funding applies to FY 2021-22 only. Replaces "performance funding" with "operational support payments." Revises reporting date from October 1 to the last business day of August. Deletes language detailing the performance formula and revises to state that universities receive one-time operational support payments as an across-the-board funding increase proportional to each university's share of total operations funding from the prior fiscal year. Deletes legislative intent language about allocating more funding based on performance metrics in future years. House concurs with reporting date revision and legislative intent language about performance metrics in future years. Revises formula that distributes operational funding by starting the phase in of a formula that multiplies the 3-year average of universities' resident undergraduate and graduate FYES measure by a calculated FYES funding figure. The FYES funding figure is obtained by dividing the prior fiscal year's operations funding, less \$100,000,000 for Carnegie Tier 1 distributions (universities classified as doctoral universities, very high research activity) and \$35,000,000 for Carnegie Tier 2 distributions (universities classified as doctoral universities, high research activity), plus any new funding, excluding North American Indian Tuition Waiver funding, by the total of all universities' 3-year FYES averages. Carnegie Tier 1 and Tier 2 distributions would be divided equally by all universities classified in the tiers. The formula caps individual university increases at 10% above FY 2020-21, redistributing amounts over the cap using both an iterative process to every institution below the 10% cap through a revised 3-year average FYES measure while also including a hold-harmless distribution to universities located in the Upper Peninsula.

The formula for FY 2021-22 would allocate 33.3% of operations funding based on the FYES average and Carnegie Tier 1 or Tier 2 funding, and 66.7% based on FY 2020-21 appropriation levels, plus redistributed funding from the 10% institutional appropriation increase cap and Northern Regional hold-harmless funding if applicable. FY 2022-23 formula funding would allocate 66.7% of operations funding on the FYES average and Carnegie Tier 1 or Tier 2 funding, and 33.3% based on FY 2020-21 appropriation levels, plus redistributed funding from the 10% institutional appropriation increase cap and Northern Regional hold-harmless funding if applicable. For FY 2023-24, 100% of operations funding would be distributed based on the FYES average and Carnegie Tier 1 or Tier 2 funding, plus redistributed funding from the 10% institutional appropriation increase cap and Northern Regional hold-harmless funding if applicable. Indian Tuition Waiver funding would be excluded from formula calculations.

Sec. 265e. Distribution of Sexual Assault Prevention, Safety, and Mental Health Funds – RETAINED

Executive deletes legislative intent language that encourages universities to use a portion of operations funding for sexual assault prevention, campus safety, and student mental health programs. House retains.

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

Requires Department of Civil Rights to report certain information related to the waivers, and requires universities and tribal colleges receiving waiver pass-through funding to provide data under guidelines and procedures developed by the Department of Civil Rights by January 15. Executive deletes legislative intent language that states unfunded Indian Tuition Waiver costs be allocated from the General Fund. House concurs.

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

Specifies a \$79,700 pass-through payment from Central Michigan's North American Indian Tuition Waiver appropriation to Saginaw Chippewa Tribal College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to the Department of Civil Rights. Executive revises payment from \$79,700 to \$82,380. House concurs.

Major Boilerplate Changes from FY 2020-21

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

Executive deletes language that specifies a \$0 pass-through payment from Lake Superior State's North American Indian Tuition Waiver appropriation to Bay Mills Community College for costs of Indian Tuition Waiver Program and requires the institution to report waiver information specified under Sec. 268 to the Department of Civil Rights. House retains and updates dates.

Sec. 270b. Bay Mills Community College Non-Native Students Pass-Through Payment – DELETED

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

Sec. 271a. Union-Related Activities Prohibition – RETAINED

Executive deletes legislative intent language that prohibits universities from knowingly and directly using state funds to offer instructional activity that targets specific companies or specific groups of companies for unionization or decertification of a union. House retains.

Sec. 274. Embryonic Stem Cell Research Reporting – REVISED

Executive deletes legislative intent language that requires universities conducting research using human embryonic stem cells to report to the Department of Health and Human Services regarding compliance with federal guidelines and stem cell lines derived by university. House retains and updates dates.

Sec. 275a. Self-liquidating Projects Restriction and Capital Outlay Reporting – RETAINED

Executive deletes language that prohibits use of state funds for self-liquidating projects and requires compliance with Joint Capital Outlay Subcommittee reporting requirements, with specified penalty of 1.0% appropriation reduction. House retains.

Sec. 275d. Communication with the Legislature – REVISED

Executive deletes legislative intent language that urges a university to not take disciplinary action against an employee for communicating with the legislature. House retains and revises language to state a university shall not take action against employees for communicating with the legislature.

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

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

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

Executive deletes language that requires universities to report various enrollment and student residential data for the 2020-21 academic year by September 30, 2021 and that requires universities to report information related to online and COVID-19 fees, along with COVID-19 mitigation strategies and related data by November 1, 2020. House retains deleted language but revises requirements to report all federal and state funding received related to the COVID-19 pandemic.

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

Executive deletes language that requires public universities to collect data on students with dependent children, such as the number of enrolled students with dependents, programs and resources available, and the barriers preventing students from completing a degree. House concurs.

Sec. 275j. University COVID-19 Vaccination Requirement Prohibition – NEW

House adds language that restricts universities from requiring COVID-19 vaccination as a prerequisite for enrollment or attending in-person instruction.

Sec. 291. Auditor General University Performance Audits – RETAINED

Executive deletes language that permits the Office of Auditor General to conduct performance audits of public universities. House retains.

FY 2021-22 University Operations Appropriations As Reported by House Appropriations Committee

% of Formula:

33% 67%

University	FY 2020-21	FY 2020-21	FYES 3-Year	Carnegie	Carnegie	Distribution	Distribution	FYES Formula	Indian Tuition	Total FY22	Northern	Total Post	Proposed	Change From	
	Indian Tuition	Base													Average
	Waiver	Appropriation		Distribution	Distribution	FYES Average	FY21	Funding	Adjustment	Waiver	Harmless	Redistributions	22	Total	
	Payment						Appropriation			Payment			Appropriation	Change	
Central	\$1,964,500	\$87,600,000	18,036	\$0	\$7,000,000	\$40,198,757	\$58,394,160	\$98,592,900	\$0	\$1,964,500	\$0	\$0	\$98,521,000	10.0%	\$8,956,500
Eastern	301,500	77,253,700	14,448	0	7,000,000	\$32,665,935	51,497,316	84,163,300	(21,800)	279,700	0	2,854,900	85,286,700	10.0%	7,731,500
Ferris	908,800	55,025,500	10,323	0	0	21,673,309	36,679,998	58,353,300	57,000	965,800	0	2,229,800	61,548,900	10.0%	5,614,600
Grand Valley	1,177,200	72,313,500	20,472	0	0	42,979,914	48,204,179	91,184,100	0	1,177,200	0	0	\$80,839,800	10.0%	7,349,100
Lake Superior	945,100	13,307,000	1,726	0	0	3,624,348	8,870,446	12,516,000	(18,600)	926,500	809,600	0	14,252,100	0.0%	0
Michigan State	1,604,000	287,331,700	37,962	33,333,333	0	90,809,973	191,535,311	282,366,100	328,800	1,932,800	0	8,199,600	292,498,500	1.2%	3,562,800
Michigan Tech	693,600	50,101,600	5,525	0	7,000,000	\$13,933,254	33,397,727	47,351,800	75,700	769,300	2,674,100	0	50,795,200	0.0%	0
Northern	1,060,600	47,809,100	5,616	0	0	11,790,504	31,869,546	43,680,900	(9,100)	1,051,500	4,137,300	0	48,869,700	0.0%	0
Oakland	266,100	53,147,400	16,450	0	7,000,000	\$36,869,032	35,428,057	72,297,100	67,900	334,000	0	0	\$58,829,500	10.1%	5,416,000
Saginaw Valley	219,500	30,583,800	6,825	0	0	14,329,437	20,387,161	34,716,600	(65,600)	153,900	0	0	\$33,811,500	9.8%	3,008,200
UM-Ann Arbor	961,000	321,970,100	24,465	33,333,333	0	62,472,313	214,625,269	277,118,400	114,600	1,075,600	0	5,284,200	283,478,200	(12.2%)	(39,452,900)
UM-Dearborn	167,800	26,167,000	6,317	0	0	13,262,218	17,442,922	30,705,100	(2,800)	165,000	0	0	\$28,965,200	10.0%	2,630,400
UM-Flint	348,200	23,616,200	5,728	0	0	12,024,943	15,742,559	27,767,500	(3,200)	345,000	0	0	\$26,357,300	10.0%	2,392,900
Wayne State	462,200	202,996,700	20,877	33,333,333	0	54,939,491	135,317,600	190,277,900	7,500	469,700	0	4,509,300	195,256,900	(4.0%)	(8,202,000)
Western	841,700	111,522,200	15,699	0	7,000,000	\$35,293,045	74,340,699	109,654,500	(46,400)	795,300	0	3,391,000	113,840,800	1.3%	1,476,900
TOTAL:	\$11,921,800	\$1,460,745,500	210,470	\$100,000,000	\$35,000,000	\$486,866,475	\$973,732,950	\$1,460,745,500	\$484,000	\$12,405,800	\$7,621,000	\$26,468,800	\$1,473,151,300	0.0%	\$484,000

Total Formula Distributed Funding	\$1,325,745,500
Total 3 Year FYES Average:	210,470
Funding per FYES:	\$6,299

Requirements to receive formula distributed funding payment for FYs 2021-22, 2022-23, 2023-24:

1. Participate in at least three reverse transfer agreements with community colleges
2. Maintain a dual enrollment credit policy that does not consider if credits were used toward high school graduation
3. Actively participate in and submit timely updates to the Michigan Transfer Network

Requirements to avoid a 10% reduction in operations funding:

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