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Senate Bill 140 (S-1 as reported)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2018-19 YEAR-TO-DATE*	FY 2019-20 SEN. FULL COMM.	CHANGES FROM FY 2018-19 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	1,669,732,600	1,693,001,800	23,269,200	1.4
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,669,732,600	1,693,001,800	23,269,200	1.4
Less:				
Federal Funds	123,526,400	128,026,400	4,500,000	3.6
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,546,206,200	1,564,975,400	18,769,200	1.2
Less:				
Other State Restricted Funds	500,188,300	500,537,300	349,000	0.1
GENERAL FUND/GENERAL PURPOSE	1,046,017,900	1,064,438,100	18,420,200	1.8
PAYMENTS TO LOCALS	0	0	0	0.0

*As of March 5, 2019.

	Gross	GF/GP
FY 2018-19 Year-to-Date Appropriation	\$1,669,732,600	\$1,046,017,900

Changes from FY 2018-19 Year-to-Date:

- | | | |
|---|-------------------|-------------------|
| <p>1. University Operations Increase. Governor included a 3% across-the-board increase based on each university's FY 2018-19 operations funding.</p> <p>Senate provided a 1.5% increase through the performance funding formula used in recent years. Table 1 provides details of formula allocations. Table 2 compares FY 2018-19 year-to-date funding, the FY 2019-20 Governor's recommendation, and the FY 2019-20 Senate budget.</p> | <p>21,853,700</p> | <p>21,853,700</p> |
| <p>2. School Aid Fund Shift. Governor removed all School Aid Fund revenue (\$500.2 million) in the Higher Education budget and replaced it with GF/GP. Under the Governor's proposal, this fund shift would be made possible through amendments to the Income Tax Act that would remove the \$600.0 million earmark of income tax revenue for transportation. Removal of that earmark would cause that revenue to revert to the State General Fund. Lost transportation funding would then be replaced with revenue from increased fuel taxes. Senate did not include this fund shift.</p> | <p>0</p> | <p>0</p> |
| <p>3. MSU AgBioResearch Increase. Governor included a 3% increase for this program to mirror increases provided for university operations. The Senate included a 1.5% increase for this program.</p> | <p>518,900</p> | <p>518,900</p> |
| <p>4. MSU Extension Increase. Governor included a 3% increase for this program to mirror increases provided for university operations. Senate included a 1.5% increase for this program.</p> | <p>447,600</p> | <p>447,600</p> |

- | | | |
|--|-----------|-------------|
| <p>5. Tuition Incentive Program. Governor reduced this program to reflect boilerplate that would limit payments to three times the average rate for in-district tuition at community colleges. This reduction would bring total funding for the program to \$59.8 million.</p> <p>Senate did not include the payment limitation and kept the program at the current level of \$64.3 million. Senate also reduced GF/GP supporting the program by \$4.5 million and supplanted those funds with \$4.5 million in Federal TANF dollars.</p> | 0 | (4,500,000) |
| <p>6. MPSERS Normal Cost Offset. Governor moved the \$669,000 one-time FY19 item for this purpose to an ongoing appropriation and increased the amount by an additional \$565,000 for a total normal cost offset of \$1.2 million for the seven universities that are part of MPSERS. This amount will support the additional costs associated with brining the assumed rate of return for MPSERS funds from 8% to 7.05%. Senate concurred with the Governor's changes.</p> | 565,000 | 0 |
| <p>7. MPSERS Unfunded Accrued Liability Stabilization Adjustment. Governor reduced this item to reflect a reduction in the amount of the State's share of costs above the statutory cap. This reduction would bring total MPSERS UAAL payments to \$5.0 million. Senate concurred with the Governor.</p> | (116,000) | 0 |
| <p>8. Children of Veterans Tuition Grant - Supplant Income Tax Checkoff. Governor replaced \$100,000 in income tax checkoff revenue with GF/GP as this item no longer appears on tax forms. Total appropriations for this program would remain unchanged at \$1.4 million. Senate concurred with the Governor.</p> | 0 | 100,000 |
| <p>9. Comparison to the Governor's Recommendation. The Senate is \$18,320,000 Gross and \$523,357,300 GF/GP under the Governor.</p> | | |

Total Changes	\$23,269,200	\$18,420,200
FY 2019-20 Senate Appropriations Committee Gross Appropriation	\$1,693,001,800	\$1,064,438,100

Boilerplate Changes from FY 2018-19 Year-to-Date:

1. **Contingency Funds.** Senate removed a section appropriating up to \$6.0 million in Federal contingency funds for grants and scholarships. Under the removed language, funds may only be spent once transferred through the legislative transfer process. (Sec. 236b)
2. **Receipt of Federal and Private Funds.** Specifies that Federal and private funds received by the State for use of a college or university are appropriated for the purposes for which they are received. Governor removed a sentence that specifies that the acceptance of funds does not obligate the Legislature to continue the purposes for which the funds are made available. Senate retained existing language. (Sec. 242)
3. **Transparency Reporting.** Governor removed language that allows the State Budget Director to withhold monthly payments to universities if they fail to comply with statutory financial transparency requirements. Senate retained existing language. (Sec. 245)
4. **Tuition Grant Limitation.** Governor removed a sentence that specifies that the \$4.2 million institutional limit placed on Tuition Grants does not apply to any other student financial aid program or in combination with any other student financial aid program. Senate did not make this change.

Senate increased the maximum amount of tuition grants from \$2,400 per student to \$2,500, and the maximum amount per institution from \$4.2 million to \$4.6 million. (Sec. 252)
5. **Tuition Incentive Program - Limit Payment Size.** Governor included new language that would limit payments made to universities under this program to a per-credit payment that does not exceed three times the average community college in-district tuition rate. Senate did not include this new language. (Sec. 256)

6. **Tuition Incentive Program - Data Reporting.** Governor removed language that would require an institution that does not report certain data to the P-20 longitudinal data system to report that data to the Department of Treasury. Senate retained this language. (Sec. 256)
7. **U of M Douglas Lake Biological Station.** Governor removed a section that designates Douglas Lake a special reserve and states the intent of the Legislature that no State programs or policies be developed that would have a deleterious impact on the research value of Douglas Lake. Senate retained this section. (Sec. 261)
8. **Tuition Restraint - Lower Threshold.** Governor reduced the allowable tuition increase under this section from 3.8% or \$490 to 3.2% or \$427. This change reflects a new policy of setting the tuition restraint cap at the rate of inflation plus 1.0%, whereas the policy in previous years had been twice the rate of inflation. Senate maintained the current policy, which resulted in a tuition cap of 4.4% or \$587. (Sec. 265)
9. **Tuition Restraint - Exceeding Limit.** Governor removed language that restricts a university that exceeds the rate cap from receiving a capital outlay planning or construction authorization, as well as language that specifies that the Legislature may adjust the appropriation to any university that exceeds the rate cap. Senate retained the restriction on capital outlay projects for universities that exceed the rate cap, but concurred in removing the language referring to adjusting appropriations. (Sec. 265)
10. **Performance Funding.** Governor changed the name of 'performance funding' to 'student affordability funding', and replaced the funding formula with an increase of 3% for all universities based on their FY 2018-19 funding. Senate retained current-year language, but added language stating the intent to update the existing performance funding formula metrics. (Sec. 265a)
11. **Academic Program Partnerships.** Governor removed a section requiring the Michigan Community College Association, Michigan Independent Colleges and Universities, and the Michigan Association of State Universities to submit a report on academic partnership programs. Senate retained this language. (Sec. 265c)
12. **Campus Safety Programs - Utilization of Funding.** Governor removed a section stating the intent of the Legislature that State funds provided to universities be used for campus safety programs, sexual assault prevention programs, and student mental health programs. Senate concurred with the removal of this section. (Sec. 265e)
13. **Indian Tuition Waiver - Remove Intent Language.** Governor removed language stating the intent of the Legislature that for FY 2018-19 funds be allocated for unfunded North American Indian tuition waiver costs. Senate retained this language. (Sec. 268)
14. **Discouraged Instruction Activity.** Governor removed a section stating the intent of the Legislature that public universities not use State funds to offer instructional activities that target companies or groups of companies for unionization or decertification of a union. The Senate retained this section. (Sec. 271a)
15. **Human Embryonic Stem Cell Research.** Governor removed a section stating the intent of the Legislature that public and private organizations stem cell research provide certain information to the director of the Department of Health and Human Services. Senate retained this section. (Sec. 274)
16. **Use and Finance Noncompliance Penalty.** Governor removed a section that imposes a 1% reduction in State funding to a community college for each violation of certain requirement of the Management and Budget Act. Senate retained this section. (Sec. 275a)
17. **Communication with the Legislature.** Senate included a new section urging each university not to take disciplinary action against their staff for communicating with the Legislature. (Sec. 275d)
18. **HEIDI Data - Allow Counting of Distance Education and Inmates.** Governor modified the HEIDI data audit requirements to allow distance learning and inmate programs to count toward university student credit hours. Senate partially concurred, allowing inmate programs, but retaining the prohibition on distance learning. (Sec. 289)

Date Completed: 5-1-19

Fiscal Analyst: Josh Sefton

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.

Table 1: FY 2019-20 Higher Education Appropriations: Senate

University	FY 2018-19 Year-To-Date Appropriation	FY 2019-20 Adjustments						FY 2019-20 Senate	Dollar Change From 2018-19	Percent Change	2019-20 Appropriation Per FYES
		Proportional to FY 2010-11	Critical Skills	Research & Development	Metrics based on Carnegie Peers	Total Formula Distribution	Campus Initiatives & Other Changes				
Central	\$87,415,000	\$616,460	\$109,247	\$11,910	\$740,480	\$1,478,100	\$0	\$88,893,100	\$1,478,100	1.7%	\$ 4,548
Eastern	76,979,300	584,874	\$129,579	3,849	494,455	1,212,800	0	78,192,100	1,212,800	1.6	\$ 4,853
Ferris	54,950,700	374,030	\$188,706	0	250,364	813,100	0	55,763,800	813,100	1.5	\$ 4,956
Grand Valley	72,056,600	476,788	\$194,475	0	807,934	1,479,200	0	73,535,800	1,479,200	2.1	\$ 3,270
Lake Superior	13,987,000	97,657	\$25,367	0	37,029	160,100	0	14,147,100	160,100	1.1	\$ 7,748
Michigan State	286,274,200	2,182,408	\$447,529	287,966	1,314,323	4,232,200	0	290,506,400	4,232,200	1.5	\$ 6,313
Michigan Tech	49,949,600	368,684	\$126,228	45,388	197,903	738,200	0	50,687,800	738,200	1.5	\$ 7,647
Northern	47,998,400	347,267	\$72,308	0	226,414	646,000	0	48,644,400	646,000	1.3	\$ 7,246
Oakland	52,819,200	390,510	\$186,523	9,667	599,291	1,185,900	0	54,005,100	1,185,900	2.2	\$ 3,102
Saginaw Valley	30,528,000	213,257	\$70,216	0	69,603	353,100	0	30,881,100	353,100	1.2	\$ 4,152
UM-Ann Arbor	320,782,400	2,432,965	\$430,187	691,762	1,194,152	4,749,100	0	325,531,500	4,749,100	1.5	\$ 6,948
UM-Dearborn	26,071,800	190,220	\$69,791	0	241,069	501,100	0	26,572,900	501,100	1.9	\$ 3,772
UM-Flint	23,585,400	160,770	\$78,454	0	100,238	339,500	0	23,924,900	339,500	1.4	\$ 3,881
Wayne State	202,363,200	1,647,634	\$138,144	145,312	519,178	2,450,300	0	204,813,500	2,450,300	1.2	\$ 9,061
Western	111,151,000	843,276	\$161,426	18,235	492,100	1,515,000	0	112,666,000	1,515,000	1.4	\$ 5,822
Subtotal University Operations:	\$1,456,911,800	\$10,926,800	\$2,428,178	\$1,214,089	\$7,284,533	\$21,853,700	\$0	\$1,478,765,500	\$21,853,700	1.5%	\$5,694
MPSERS Reimbursement	\$5,133,000						(\$116,000)	\$5,017,000	(\$116,000)	(2.3%)	
MPSERS Normal Cost Offset	0						\$1,234,000	1,234,000	1,234,000	N/A	
MSU AgBioResearch	34,591,400						518,900	35,110,300	518,900	1.5	
MSU Extension	29,837,700						447,600	30,285,300	447,600	1.5	
Higher Education Database	200,000						0	200,000	0	0.0	
Midwest Higher Ed Compact	115,000						0	115,000	0	0.0	
King-Chavez-Parks	2,691,500						0	2,691,500	0	0.0	
MPSERS Normal Cost Hold Harmless (one-time)	669,000						(669,000)	0	(669,000)	(100.0%)	
Total Universities	\$1,530,149,400	\$10,926,800	\$2,428,178	\$1,214,089	\$7,284,533	\$21,853,700	\$1,415,500	\$1,553,418,600	\$23,269,200	1.5%	
School Aid Fund	500,088,300	0	0	0	0	0	449,000	500,537,300	449,000	0.1	
State GF/GP	\$1,030,061,100	\$10,926,800	\$2,428,178	\$1,214,089	\$7,284,533	\$21,853,700	\$966,500	\$1,052,881,300	\$22,820,200	2.2%	
Grants and Financial Aid											
State Competitive Scholarships	\$32,361,700						\$0	\$32,361,700	\$0	0.0%	
Tuition Grants	38,021,500						0	38,021,500	0	0.0	
Tuition Incentive Program (TIP)	64,300,000						0	64,300,000	0	0.0	
Children of Veterans & Officer's Tuition	1,400,000						0	1,400,000	0	0.0	
Project Gear-Up	3,200,000						0	3,200,000	0	0.0	
North American Indian Tuition Waiver	300,000						0	300,000	0	0.0%	
Total Grants/Financial Aid	\$139,583,200						\$0	\$139,583,200	\$0	0.0%	
Federal Higher Ed Act	3,200,000						0	3,200,000	0	0.0	
Federal TANF	120,326,400						4,500,000	124,826,400	4,500,000	3.7	
Veterans Tax Check-off	100,000						(100,000)	0	(100,000)	(100.0)	
State GF/GP	\$15,956,800						(\$4,400,000)	\$11,556,800	(\$4,400,000)	(27.6%)	
TOTAL HIGHER EDUCATION											
TOTAL ALL FUNDS	\$1,669,732,600	\$10,926,800	\$2,428,178	\$1,214,089	\$7,284,533	\$21,853,700	\$1,415,500	\$1,693,001,800	\$23,269,200	1.4%	
TOTAL FEDERAL	123,526,400	0	0	0	0	0	4,500,000	128,026,400	4,500,000	3.6	
TOTAL STATE RESTRICTED	500,188,300	0	0	0	0	0	349,000	500,537,300	349,000	0.1	
TOTAL STATE GF/GP	\$1,046,017,900	\$10,926,800	\$2,428,178	\$1,214,089	\$7,284,533	\$21,853,700	(\$3,433,500)	\$1,064,438,100	\$18,420,200	1.8%	

Table 2: FY 2019-20 Higher Education Appropriation

University	FY 2018-19 Year-To-Date	Governor			Senate		
		FY 2019-20 Gov. Rec.	Dollar Change	Percent Change	FY 2019-20 Senate	Dollar Change	Percent Change
Central	\$87,415,000	\$90,037,500	\$2,622,500	3.0%	\$88,893,100	\$1,478,100	1.7%
Eastern	76,979,300	79,288,700	2,309,400	3.0	78,192,100	1,212,800	1.6
Ferris	54,950,700	56,599,200	1,648,500	3.0	55,763,800	813,100	1.5
Grand Valley	72,056,600	74,218,300	2,161,700	3.0	73,535,800	1,479,200	2.1
Lake Superior	13,987,000	14,406,600	419,600	3.0	14,147,100	160,100	1.1
Michigan State	286,274,200	294,862,400	8,588,200	3.0	290,506,400	4,232,200	1.5
Michigan Tech	49,949,600	51,448,100	1,498,500	3.0	50,687,800	738,200	1.5
Northern	47,998,400	49,438,400	1,440,000	3.0	48,644,400	646,000	1.3
Oakland	52,819,200	54,403,800	1,584,600	3.0	54,005,100	1,185,900	2.2
Saginaw Valley	30,528,000	31,443,800	915,800	3.0	30,881,100	353,100	1.2
UM-Ann Arbor	320,782,400	330,405,800	9,623,400	3.0	325,531,500	4,749,100	1.5
UM-Dearborn	26,071,800	26,854,000	782,200	3.0	26,572,900	501,100	1.9
UM-Flint	23,585,400	24,293,000	707,600	3.0	23,924,900	339,500	1.4
Wayne State	202,363,200	208,434,100	6,070,900	3.0	204,813,500	2,450,300	1.2
Western	111,151,000	114,485,500	3,334,500	3.0	112,666,000	1,515,000	1.4
Subtotal University Operations:	\$1,456,911,800	\$1,500,619,200	\$43,707,400	3.0%	\$1,478,765,500	\$21,853,700	1.5%
MPSERS Reimbursement	\$5,133,000	\$5,017,000	(\$116,000)	(2.3%)	\$5,017,000	(\$116,000)	(2.3%)
MPSERS Normal Cost Offset	\$0	\$1,234,000	\$1,234,000	N/A	\$1,234,000	\$1,234,000	N/A
MSU AgBioResearch	34,591,400	35,629,100	1,037,700	3.0	35,110,300	518,900	1.5
MSU Extension	29,837,700	30,732,800	895,100	3.0	30,285,300	447,600	1.5
Higher Education Database	200,000	200,000	0	0.0	200,000	0	0.0
Midwest Higher Ed Compact	115,000	115,000	0	0.0	115,000	0	0.0
King-Chavez-Parks	2,691,500	2,691,500	0	0.0	2,691,500	0	0.0
MPSERS Normal Cost Offset (one-time)	669,000	0	(669,000)	(100.0)	0	(669,000)	(100.0)
Total Universities	\$1,530,149,400	\$1,576,238,600	\$46,089,200	3.0%	\$1,553,418,600	\$23,269,200	1.5%
School Aid Fund	500,088,300	0	(500,088,300)	(100.0)	500,537,300	449,000	0.1
State GF/GP	\$1,030,061,100	\$1,576,238,600	\$546,177,500	53.0%	\$1,052,881,300	\$22,820,200	2.2%
Grants and Financial Aid							
State Competitive Scholarships	\$32,361,700	\$32,361,700	\$0	0.0%	32,361,700	0	0.0%
Tuition Grants	38,021,500	38,021,500	0	0.0	38,021,500	0	0.0
Tuition Incentive Program (TIP)	64,300,000	59,800,000	(4,500,000)	(7.0)	64,300,000	0	0.0
Children of Veterans & Officer's Tuition	1,400,000	1,400,000	0	0.0	1,400,000	0	0.0
Project Gear-Up	3,200,000	3,200,000	0	0.0	3,200,000	0	0.0
North American Indian Tuition Waiver	300,000	300,000	0	0.0%	300,000	0	0.0%
Total Grants/Financial Aid	\$139,583,200	\$135,083,200	(\$4,500,000)	(3.2%)	\$139,583,200	\$0	0.0%
Federal Higher Ed Act	3,200,000	3,200,000	0	0.0	3,200,000	0	0.0
Federal TANF	120,326,400	120,326,400	0	0.0	124,826,400	4,500,000	3.7
Veterans Tax Check-off	100,000	0	(100,000)	(100.0)	0	(100,000)	(100.0)
State GF/GP	\$15,956,800	\$11,556,800	(\$4,400,000)	(27.6%)	\$11,556,800	(\$4,400,000)	(27.6%)
TOTAL HIGHER EDUCATION							
TOTAL ALL FUNDS	\$1,669,732,600	\$1,711,321,800	\$41,589,200	2.5%	\$1,693,001,800	\$23,269,200	1.4%
TOTAL FEDERAL	123,526,400	123,526,400	0	0.0	128,026,400	4,500,000	3.6
TOTAL STATE RESTRICTED	500,188,300	0	(500,188,300)	(100.0)	500,537,300	349,000	0.1
TOTAL STATE GF/GP	\$1,046,017,900	\$1,587,795,400	\$541,777,500	51.8%	\$1,064,438,100	\$18,420,200	1.8%