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Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 GOV.'S REC.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions .....	0.0	0.0	N/A	N/A
<b>GROSS</b> .....	<b>1,699,925,400</b>	<b>1,731,967,300</b>	<b>32,041,900</b>	<b>1.9</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS</b> .....	<b>1,699,925,400</b>	<b>1,731,967,300</b>	<b>32,041,900</b>	<b>1.9</b>
Less:				
Federal Funds .....	126,026,400	122,726,400	(3,300,000)	(2.6)
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING</b> .....	<b>1,573,899,000</b>	<b>1,609,240,900</b>	<b>35,341,900</b>	<b>2.2</b>
Less:				
Other State Restricted Funds .....	356,063,300	361,403,300	5,340,000	1.5
<b>GENERAL FUND/GENERAL PURPOSE</b> .....	<b>1,217,835,700</b>	<b>1,247,837,600</b>	<b>30,001,900</b>	<b>2.5</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

\*As of February 8, 2021.

	Gross	GF/GP
<b>FY 2020-21 Year-to-Date Appropriation</b> .....	<b>\$1,699,925,400</b>	<b>\$1,217,835,700</b>

**Changes from FY 2020-21 Year-to-Date:**

- |  |            |            |
|--|------------|------------|
| <p><b>1. University Operational Support Payments.</b> The Governor included a one-time increase of 2.0% as operational support payments outside of base State operations payments. The increase would be distributed proportionately to each university's FY 2020-21 base operations amounts. This item also includes a 2.0% increase for MSU AgBioResearch and MSU Extension.</p> | 30,516,100 | 30,516,100 |
| <p><b>2. MPSERS UAAL Stabilization Payments.</b> The Governor included an increase for this item to reflect an increase in the State's share of costs above the statutory cap. The increase is largely due to updated payroll growth assumptions. This change would bring total MPSERS UAAL stabilization payments for universities to \$13.5 million.</p>                         | 1,800,000  | 0          |
| <p><b>3. MPSERS Normal Cost Offset.</b> The Governor increased this item to a total of \$4.7 million. The change reflects the amount necessary to make required payments at the current assumed rate of return for MPSERS of 6.8%.</p>   | 3,540,000  | 0          |
| <p><b>4. North American Indian Tuition Waiver (ITW) Reimbursement Adjustment.</b> The Governor increased ITW reimbursements to \$12.4 million to reflect the most recent waiver cost data provided by universities.</p>  | 484,000    | 484,000    |

5. <b>Tuition Incentive Program (TIP).</b> The Governor included two adjustments to TIP: The first would be a \$2.5 million TANF increase to account for a projected increase in demand for the program. The second is a \$5.8 million TANF reduction to reflect savings from a proposed boilerplate change that would limit TIP Phase I payments to universities to 2.5 times the average tuition rate of community colleges. In total, support for TIP under the Governor's Recommendation would decrease from \$68.8 million to \$65.5 million.	(3,300,000)	0
6. <b>Midwest Higher Education Compact.</b> The Governor included an increase for dues paid by Michigan to support the Compact, bringing the total to \$116,800.	1,800	1,800
7. <b>Remove One-Time Passthrough Payment to Bay Mills Community College.</b> The Governor removed a \$1.0 million one-time passthrough payment to Bay Mills Community College. The passthrough was performed by Lake Superior State University, so the reduction is reflected in LSSU's operations line.	(1,000,000)	(1,000,000)
<b>Total Changes</b> .....	<b>\$32,041,900</b>	<b>\$30,001,900</b>
<b>FY 2021-22 Governor's Recommendation</b> .....	<b>\$1,731,967,300</b>	<b>\$1,247,837,600</b>

**Boilerplate Changes from FY 2020-21 Year-to-Date:**

1. **Transparency Reporting.** The Governor removed certain transparency reporting requirements as well as language that allows the State Budget Director to withhold monthly payments to universities if they fail to comply with statutory financial transparency requirements. (Sec. 245)
2. **Campus Safety Information.** The Governor removed the requirement that universities certify compliance with the requirements of this section, as well as the ability for the State Budget Director to withhold payments to universities that fail to do so. (Sec. 245a)
3. **Michigan Tuition Grants - Institutional Limitation.** The Governor removed language that specifies that the \$4.8 million institutional limit for Tuition Grants does not apply to other financial aid programs. (Sec. 252)
4. **Tuition Incentive Program - Limit Payment Size.** The Governor included new language that would limit payments made to universities under Phase I of this program to a per-credit payment that does not exceed 2.5 times the average community college in-district tuition rate. (Sec. 256)
5. **Financial Aid Program Outreach.** The Governor removed a section stating the intent of the Legislature that Treasury launch an aggressive campaign to inform high school students about State financial aid programs. (Sec. 259)
6. **Financial Aid Resources Website.** The Governor removed a number of required specifications to the financial aid informational website required to be created under this section (Sec. 260)
7. **U of M Douglas Lake Biological Station.** The 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. (Sec. 261)
8. **Tuition Restraint - Lower Threshold.** The Governor reduced the allowable tuition increase under this section from 4.25% or \$586.00 to 4.2% or \$590.00. (Sec. 265)
9. **Tuition Restraint - Exceeding Limit.** The 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. (Sec. 265)
10. **Performance Funding.** The Governor removed the performance funding formula, and instead provided a one-time increase of 2.0% for all universities proportional to their FY 2020-21 operations funding. (Sec. 265a)
11. **Campus Safety Programs.** The Governor removed a section stating the intent of the Legislature that a portion of State appropriations be used for campus safety, sexual assault prevention programs, and student mental health programs. (Sec. 265e)

12. **ITW Reimbursement for Saginaw Chippewa Tribal College.** The Governor increased the passthrough payment for ITW reimbursement to Saginaw Chippewa Tribal College from \$79,700 to \$82,380 to reflect the most recent ITW cost data. (Sec. 269)
13. **ITW Reimbursement for Bay Mills Community College.** The Governor removed a shell section that provided a \$0.00 payment to Bay Mills Community College for reimbursement of its ITW costs. (Sec. 270)
14. **Bay Mills One-Time Passthrough Payment.** The Governor removed a one-time payment of \$1.0 million to Bay Mills Community College. (Sec. 270b)
15. **Discouraged Instruction Activity.** The 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. (Sec. 271a)
16. **Human Embryonic Stem Cell Research.** The 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. (Sec. 274)
17. **Use and Finance Noncompliance Penalty.** The Governor removed a section that imposes a 1% reduction in State funding to a university for each violation of certain requirement of the Management and Budget Act. (Sec. 275a)
18. **Communications with the Legislature.** The Governor removed a section urging universities not to take disciplinary action against employees who communicate with members of the Legislature or their staff. (Sec. 275d)
19. **Campus Free Speech Report.** The Governor removed a report on activities related to free speech issues on university campuses. (Sec. 275f)
20. **COVID-19 Report.** The Governor removed a section containing two reports that require universities to report various information relative to their responses to COVID-19. (Sec. 275g)
21. **Students with Dependents Report.** The Governor removed a requirement for universities to collect demographic data about students with dependent children and report those data to the Legislature. (Sec. 275i)
22. **Performance Audits.** The Governor removed a section allowing the Auditor General to conduct performance audits of universities as deemed necessary. (Sec. 291)

Date Completed: 2-16-21

Fiscal Analyst: Josh Sefton

Table 1: HIGHER EDUCATION APPROPRIATIONS: GOVERNOR'S RECOMMENDATION

University	FY 2020-21 Year-To-Date Operations <sup>1</sup>	FY 2020-21 Year-To-Date ITW Reimb.	FY 2020-21 Year-To-Date Appropriation	Operations Adjustments		ITW Adjustment and Other Changes	FY 2021-22 Gov. Rec.	Dollar Change From FY 2020-21	Percent Change	Appropriation Per FYES
				2% One-Time Proportional Increase	Total Adjustment					
Central	\$87,600,000	\$1,964,500	\$89,564,500	\$1,752,000	\$1,752,000	\$0	\$91,316,500	\$1,752,000	2.0%	\$5,339
Eastern	77,253,700	301,500	77,555,200	1,545,100	1,545,100	(21,800)	79,078,500	1,523,300	2.0	5,595
Ferris	55,025,500	908,800	55,934,300	1,100,500	1,100,500	57,000	57,091,800	1,157,500	2.1	5,599
Grand Valley	72,313,500	1,177,200	73,490,700	1,446,300	1,446,300	0	74,937,000	1,446,300	2.0	3,407
Lake Superior	14,307,000	945,100	15,252,100	266,100	266,100	(1,018,600)	14,499,600	(752,500)	(4.9)	8,939
Michigan State	287,331,700	1,604,000	288,935,700	5,746,600	5,746,600	328,800	295,011,100	6,075,400	2.1	6,156
Michigan Tech	50,101,600	693,600	50,795,200	1,002,000	1,002,000	75,700	51,872,900	1,077,700	2.1	7,894
Northern	47,809,100	1,060,600	48,869,700	956,200	956,200	(9,100)	49,816,800	947,100	1.9	7,309
Oakland	53,147,400	266,100	53,413,500	1,062,900	1,062,900	67,900	54,544,300	1,130,800	2.1	3,144
Saginaw Valley	30,583,800	219,500	30,803,300	611,700	611,700	(65,600)	31,349,400	546,100	1.8	4,334
UM-Ann Arbor	321,970,100	961,000	322,931,100	6,439,400	6,439,400	114,600	329,485,100	6,554,000	2.0	6,688
UM-Dearborn	26,167,000	167,800	26,334,800	523,300	523,300	(2,800)	26,855,300	520,500	2.0	3,754
UM-Flint	23,616,200	348,200	23,964,400	472,300	472,300	(3,200)	24,433,500	469,100	2.0	4,015
Wayne State	202,996,700	462,200	203,458,900	4,059,900	4,059,900	7,500	207,526,300	4,067,400	2.0	8,945
Western	111,522,200	841,700	112,363,900	2,230,400	2,230,400	(46,400)	114,547,900	2,184,000	1.9	6,187
<b>Subtotal University Operations:</b>	<b>\$1,461,745,500</b>	<b>\$11,921,800</b>	<b>\$1,473,667,300</b>	<b>\$29,214,700</b>	<b>\$29,214,700</b>	<b>(\$516,000)</b>	<b>\$1,502,366,000</b>	<b>\$28,698,700</b>	<b>1.9%</b>	<b>\$5,888</b>
MPERS Reimbursement			\$11,695,000			1,800,000	\$13,495,000	\$1,800,000	15.4%	
MPERS Normal Cost Offset			1,200,000			3,540,000	4,740,000	3,540,000	295.0	
MSU AgBioResearch	34,937,300		34,937,300	698,700	698,700		35,636,000	698,700	2.0	
MSU Extension	30,136,100		30,136,100	602,700	602,700		30,738,800	602,700	2.0	
Higher Education Database			200,000				200,000	0	0.0	
Midwest Higher Ed Compact			115,000			1,800	116,800	1,800	1.6	
King-Chavez-Parks			2,691,500				2,691,500	0	0.0	
<b>Total Universities</b>			<b>\$1,554,642,200</b>	<b>\$30,516,100</b>	<b>\$30,516,100</b>	<b>\$4,825,800</b>	<b>\$1,589,984,100</b>	<b>\$35,341,900</b>	<b>2.3%</b>	
<b>School Aid Fund</b>			<b>356,063,300</b>	<b>0</b>	<b>0</b>	<b>5,340,000</b>	<b>361,403,300</b>	<b>5,340,000</b>	<b>1.5</b>	
<b>State GF/GP</b>			<b>\$1,198,578,900</b>	<b>\$30,516,100</b>	<b>\$30,516,100</b>	<b>(\$514,200)</b>	<b>\$1,228,580,800</b>	<b>\$30,001,900</b>	<b>2.5%</b>	
<b>Grants and Financial Aid</b>										
State Competitive Scholarships			\$29,861,700				\$29,861,700	\$0	0.0%	
Tuition Grants			42,021,500				42,021,500	0	0.0	
Tuition Incentive Program (TIP)			68,800,000			(3,300,000)	65,500,000	(3,300,000)	(4.8)	
Children of Veterans & Officer's Tuition			1,400,000				1,400,000	0	0.0	
Project Gear-Up			3,200,000				3,200,000	0	0.0	
<b>Total Grants/Financial Aid</b>			<b>\$145,283,200</b>			<b>(\$3,300,000)</b>	<b>\$141,983,200</b>	<b>(\$3,300,000)</b>	<b>(2.3%)</b>	
<b>Federal Higher Ed Act</b>			<b>3,200,000</b>			<b>0</b>	<b>3,200,000</b>	<b>0</b>	<b>0.0</b>	
<b>Federal TANF</b>			<b>122,826,400</b>			<b>(3,300,000)</b>	<b>119,526,400</b>	<b>(3,300,000)</b>	<b>(2.7)</b>	
<b>State GF/GP</b>			<b>\$19,256,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,256,800</b>	<b>\$0</b>	<b>0.0%</b>	
<b>TOTAL HIGHER EDUCATION</b>										
<b>TOTAL ALL FUNDS</b>			<b>\$1,699,925,400</b>	<b>\$30,516,100</b>	<b>\$30,516,100</b>	<b>\$1,525,800</b>	<b>\$1,731,967,300</b>	<b>\$32,041,900</b>	<b>1.9%</b>	
<b>TOTAL FEDERAL</b>			<b>126,026,400</b>	<b>0</b>	<b>0</b>	<b>(3,300,000)</b>	<b>122,726,400</b>	<b>(3,300,000)</b>	<b>(2.6)</b>	
<b>TOTAL STATE RESTRICTED</b>			<b>356,063,300</b>	<b>0</b>	<b>0</b>	<b>5,340,000</b>	<b>361,403,300</b>	<b>5,340,000</b>	<b>1.5</b>	
<b>TOTAL STATE GF/GP</b>			<b>\$1,217,835,700</b>	<b>\$30,516,100</b>	<b>\$30,516,100</b>	<b>(\$514,200)</b>	<b>\$1,247,837,600</b>	<b>\$30,001,900</b>	<b>2.5%</b>	

<sup>1</sup> Operations figure for LSSU includes a \$1.0 one-time passthrough payment to Bay Mills Community College. This amount was removed, which is reflected in the ITW Adjustment and Other Changes column.