

# HIGHER EDUCATION

## Summary of FY 2020-21 Enacted

### Public Act 165 of 2020 (Senate Bill 927, Article 3)

Analyst: Perry Zielak

IDG/IDT	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
	\$0	\$0	\$0	--
<b>Federal</b>	134,026,400	126,026,400	(8,000,000)	(6.0)
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	349,419,300	356,063,300	6,644,000	1.9
<b>GF/GP</b>	1,207,949,300	1,217,835,700	9,886,400	0.8
<b>Gross</b>	<b>\$1,691,395,000</b>	<b>\$1,699,925,400</b>	<b>\$8,530,400</b>	<b>0.5</b>

**Notes:**

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

**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 2019-20 YTD Appropriations**

**1. Michigan Public School Employee Retirement System (MPSERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment**

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
<b>Gross</b>	<b>\$5,017,000</b>	<b>\$6,678,000</b>
Restricted	5,017,000	6,678,000
GF/GP	\$0	\$0

Increases funding by \$6.7 million School Aid Fund (SAF) for the state's share of the universities' UAAL contribution to MPSERS, a 133.1% increase, due to implementing recommendations made by the 2018 Actuarial Experience Study. 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 MPSERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Funding for the state share of MPSERS would be \$11.7 million SAF.

**2. MPSERS Normal Cost Offset**

	Gross	\$1,234,000	(\$34,000)
Restricted	1,234,000	(34,000)	
GF/GP	\$0	\$0	

Reduces reimbursement funding provided to universities by \$34,000 SAF, a 2.8% decrease, for the normal cost required to reduce the assumed rate of return for MPSERS from 7.05% to 6.8% due to the dedicated gains policy. Total funding for the MPSERS Normal Cost Offset would be \$1.2 million SAF.

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<b><u>Major Budget Changes from FY 2019-20 YTD Appropriations</u></b>		<b>FY 2019-20 Year-to-Date (as of 2/6/20)</b>	<b>FY 2020-21 Enacted Change</b>
<b>3. Michigan Competitive Scholarships</b>	<b>Gross</b>	<b>\$38,361,700</b>	<b>(\$8,500,000)</b>
Reduces funding for Michigan Competitive Scholarships by \$8.5 million federal Temporary Assistance for Needy Families (TANF) funding, a 22.2% decrease, to bring program costs in line with a FY 2019-20 legislative transfer. The scholarships are awarded to students with a qualifying SAT score and demonstrated financial need. Total funding for Michigan Competitive Scholarships would be \$29.9 million Gross (\$5.9 million GF/GP).	Federal	32,430,800	(8,500,000)
	GF/GP	\$5,930,900	\$0
<b>4. Tuition Incentive Program</b>	<b>Gross</b>	<b>\$64,300,000</b>	<b>\$4,500,000</b>
Increases Tuition Incentive Program (TIP) by \$4.5 million federal TANF funding, a 7.0% increase, which pays for Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The increase would bring program costs in line with a FY 2019-20 legislative transfer. Total funding for TIP would be \$68.8 million TANF.	Federal	64,300,000	4,500,000
	GF/GP	\$0	\$0
<b>5. Tuition Grant Program</b>	<b>Gross</b>	<b>\$38,021,500</b>	<b>\$4,000,000</b>
Increases Tuition Grant Program by \$4.0 million, a 10.5% increase. The increase is the net result of a \$4.0 million TANF decrease and a \$8.0 million GF/GP increase. The program provides need-based tuition assistance to students at Michigan independent (i.e., private, non-profit) colleges and universities. Total funding for Tuition Grants would be \$42.0 million Gross (\$11.9 million GF/GP).	Federal	34,095,600	(4,000,000)
	GF/GP	\$3,925,900	\$8,000,000
<b>6. Bay Mills Community College One-Time Pass-Through Payment</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,000,000</b>
Includes \$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 is to assist the college in the costs of educating non-Native American students.	GF/GP	NA	\$1,000,000
<b>7. North American Indian Tuition Waiver Funding</b>	<b>Gross</b>	<b>\$10,905,700</b>	<b>\$886,400</b>
Increases funding by \$886,400 GF/GP for the North American Indian Tuition Waiver (ITW) program. Funding was adjusted to match each university's most recent reported cost in providing the tuition waiver to eligible students. The appropriation is a delineated category within each university's operations funding line. Total ITW program funding would be \$11.8 million GF/GP.	GF/GP	\$10,905,700	\$886,400

**Major Boilerplate Changes from FY 2019-20**

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

**Sec. 236a. FY 2020-21 Appropriations – DELETED**

Deletes legislative intent language that requires FY 2020-21 appropriations to be the same as those for FY 2019-20, adjusted for caseloads, available federal funds, economic factors, and available revenue, with an estimated MPERS FY 2020-21 payment to be \$7.3 million.

**Major Boilerplate Changes from FY 2019-20**

***Sec. 236g. FY 2019-20 Coronavirus Relief Fund Allocations – DELETED***

Deletes language that specified FY 2019-20 individual university allocations, stated that universities must comply with all the requirements of the CARES Act, and universities found not to be in compliance with the act must return the funds allocated or have future appropriations withheld.

***Sec. 241. Appropriations Payment Schedule and HEIDI Reporting Requirements – REVISED***

Provides schedule of 11 monthly payments to universities; authorizes Department of Treasury to withhold payments if universities fail to submit Higher Education Institutional Data Inventory (HEIDI) data by October 15 for 14 universities and November 15 for Wayne State. Revises deadline to submit data from October 15 to November 15 for FY 2020-21 only.

***Sec. 242. Federal or Private Funds – REVISED***

Appropriates federal or private funds received by the state for use by a college or university. Deletes language specifying that acceptance of federal or private funds does not place an ongoing obligation on the legislature.

***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. Deletes application for certification of eligibility process for eligible students. Revises program eligibility expiration from 6 years after high school graduation or earning an equivalent certificate to 10 years after initial enrollment in an eligible post-secondary institution. Revises language from requiring the Department of Treasury to accept program applications from eligible students after beginning the sixth grade to notifying students of their eligibility after beginning the sixth grade. Deletes work project language. Deletes language directing universities to report TIP Phase I student enrollment and students receiving Pell grants by December 1 because language is currently present that states, beginning in FY 2020-21, the reporting deadline is October 15.

***Sec. 259. Department of Treasury Financial Aid Information Program – NEW***

Adds legislative intent language instructing the Department of Treasury to launch an aggressive information campaign about state scholarship programs and their eligibility requirements.

***Sec. 260. Student Loan and Financial Aid Website – NEW***

Adds language that 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 each university to post a link to the website on its homepage.

***Sec. 265. Performance Funding Tuition and Fees Restraint Requirement – REVISED***

Provides tuition restraint requirements for universities to qualify for performance funding increases for the next three fiscal years. Revises tuition restraint cap for universities from the greater of 4.4% or \$587 to the greater of 4.25% or \$586.

***Sec. 265c. Articulation Agreements and Academic Partnerships Reporting – DELETED***

Deletes requirement that MCCA, MASU, and MICU report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

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

Requires universities to report to the Department of Civil Rights on the number of North American Indian tuition waiver applications received and approved, the number and monetary value of the waivers, the number of students with waivers who withdrew from school, and the number of students with waivers who completed a degree or certificate program. Changes reporting due date from February 15 to January 15. Adds language that tribal institutions that receive program funding must report data to the Department of Civil Rights.

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

Specifies a \$29,700 pass-through payment from Central Michigan University to Saginaw Chippewa Tribal College for costs of the Indian Tuition Waiver program. Revises payment from \$29,700 to \$79,700. Adds requirement that the institution comply with the waiver reporting requirements found in Sec. 268.

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

Specifies a \$100,000 pass-through payment from Lake Superior State University to Bay Mills Community College for costs of the Indian Tuition Waiver program. Revises payment from \$100,000 to \$0. Adds requirement that the institution comply with the waiver reporting requirements found in Sec. 268.

## **HIGHER EDUCATION**

### **Major Boilerplate Changes from FY 2019-20**

#### ***Sec. 270b. Bay Mills Community College Pass-Through Payment – NEW***

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

#### ***Sec. 270c. Keweenaw Bay Ojibwa Community College North American Indian Tuition Waiver Funding – NEW***

Adds language specifying a \$50,000 pass-through payment from Northern Michigan University to Keweenaw Bay Ojibwa Community College for the costs of the Indian Tuition Waiver program. Adds requirement that the institution comply with the waiver reporting requirements found in Sec. 268.

#### ***Sec. 275. University Veteran-Friendly Policies – REVISED***

Requires universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services and a report on program participation. States universities should consider all veterans as in-state residents for determining tuition and fees and waive enrollment fees for all veterans. Adds requirement that universities provide reasonable programming and scheduling accommodation for a student's military, military reserves or National Guard training and duty obligations.

#### ***Sec. 275f. Free and Open Speech Policies Reporting Requirement – NEW***

Adds 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.

#### ***Sec. 275g. 2020-21 Academic Year and Covid-19 Reporting Requirements – NEW***

Adds language that requires universities to report various enrollment and student residential data for the 2020-21 academic year by September 30, 2021. Requires universities to report information related to online courses and Covid-19 fees, along with Covid-19 mitigation strategies and related data by November 1, 2020.

#### ***Sec. 275h. 60% Post-Secondary Degree, Certification or Credential Obtainment Goal – NEW***

Adds legislative intent language that sets a goal of 60% of Michigan residents obtaining a post-secondary credential, certification or degree by 2030.

#### ***Sec. 275i. Students with Dependent Children Data Reporting Requirement – NEW***

Adds language requiring 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. The collection of the data must protect student privacy and would be used in future appropriations decisions.

#### ***Sec. 281a. King-Chavez-Parks Reporting Requirement – NEW***

Adds language requiring public universities to report data about the six support programs behind the King-Chavez-Parks university programs by February 15.

Summary: FY 2020-21 University Performance Funding Increases  
Enacted Summary

Indian Tuition Waiver

University	FY 2019-20 Indian Tuition Waiver Payment	FY 2019-20 Year-to-Date Appropriation	Total FY 2020-21 Funding Increase	FY 19 Indian Tuition Waiver Cost	Indian Tuition Waiver Pass- through adjustments	Indian Tuition Waiver Adjustment	*Total FY21 Indian Tuition Waiver Payment	**Other Adjustments	Enacted FY 2020-21 Appropriation	Percent Change
Central	\$1,598,100	\$89,227,800	\$0	\$1,884,800	\$79,700	\$286,700	\$1,964,500	\$0	\$89,564,500	0.4%
Eastern	302,300	77,556,000	-	301,500	-	(800)	301,500	-	77,555,200	0.0%
Ferris	1,007,300	56,032,800	-	908,800	-	(98,500)	908,800	-	55,934,300	(0.2%)
Grand Valley	1,075,000	73,388,500	-	1,177,200	-	102,200	1,177,200	-	73,490,700	0.1%
Lake Superior	954,000	14,361,000	-	945,100	(100,000)	(8,900)	845,100	1,000,000	15,252,100	6.2%
Michigan State	1,467,700	288,799,400	-	1,604,000	-	136,300	1,604,000	-	288,935,700	0.0%
Michigan Tech	466,500	50,568,100	-	693,600	-	227,100	693,600	-	50,795,200	0.4%
Northern	1,100,000	48,909,100	-	1,010,600	50,000	(89,400)	1,060,600	-	48,869,700	(0.1%)
Oakland	285,100	53,432,500	-	266,100	-	(19,000)	266,100	-	53,413,500	0.0%
Saginaw Valley	223,900	30,807,700	-	219,500	-	(4,400)	219,500	-	30,803,300	0.0%
UM-Ann Arbor	803,500	322,773,600	-	961,000	-	157,500	961,000	-	322,931,100	0.0%
UM-Dearborn	160,200	26,327,200	-	167,800	-	7,600	167,800	-	26,334,800	0.0%
UM-Flint	277,000	23,893,200	-	348,200	-	71,200	348,200	-	23,964,400	0.3%
Wayne State	417,200	203,413,900	-	462,200	-	45,000	462,200	-	203,458,900	0.0%
Western	767,900	112,290,100	-	841,700	-	73,800	841,700	-	112,363,900	0.1%
<b>TOTAL:</b>	<b>\$10,905,700</b>	<b>\$1,471,780,900</b>	<b>\$0</b>	<b>\$11,792,100</b>	<b>\$29,700</b>	<b>\$886,400</b>	<b>\$11,792,100</b>	<b>\$1,000,000</b>	<b>\$1,473,667,300</b>	<b>0.1%</b>

Requirements to receive performance funding increase for the next 3 fiscal years:

1. Restrain FY 2020-21 resident undergraduate tuition/fee rate increase to 4.2% or \$586 (whichever is greater)
2. Participate in at least three reverse transfer agreements with community colleges
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. 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

\*Beginning in FY 2019-20, Indian Tuition Waiver Payments were unrolled from the Operations base amounts. FY 2020-21 unrolls tribal college pass-through amounts from Operations base amounts. ITW Adjustment amounts are made from the prior fiscal year's ITW payment compared to the most recent reported waiver cost. ITW Payments are listed as "Indian Tuition Waiver Costs Incurred" that is broken out in each university's operations listing in the budget bill

\*\* LSSU has a one-time \$1.0 million increase for a pass-through payment to Bay Mills Community College