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School Aid

Federal Funds – EANS and GEER

February 11, 2021



Summary of Federal Funds Available

The federal Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) provides states with additional resources to address the impact of COVID-19 on schools. Michigan received \$125.7 million – \$86.8 million of this amount is distributed through new Emergency Assistance to Non-Public Schools (EANS) grants and \$38.9 million are discretionary dollars distributed through the Governor’s Emergency Education Relief Fund (GEER). The fiscal year 2021 supplemental proposed with the Executive Budget recommends appropriations for these funds.

Emergency Assistance to Non-Public Schools (EANS) Grants - \$86.8 million

Congress allocated funds through the EANS program to assist eligible nonpublic schools in addressing educational disruptions caused by COVID-19. To receive funding, nonpublic schools will apply to the state. The state will award base funding to nonpublic schools and will award additional dollars to schools most impacted by COVID-19, as determined by poverty criteria that will prioritize resources to these highest need schools.

Governor’s Emergency Education Relief Fund (GEER) – \$38.9 million

The CRRSAA also provides additional funding through the GEER Fund. Funds may be used for education related services and entities deemed by the governor to be essential for carrying out emergency education services. The governor proposes distributing these funds as follows:

- \$10 million to support **intermediate school districts** in coordinating pandemic response and student recovery efforts. The recommendation also includes \$2 million to help develop and implement a strategy for intermediate school districts to **identify and reengage students who became disconnected from learning** during the pandemic.
- \$8.4 million for **physical, emotional, and mental health** programs for educators and students.
- \$6 million to support **out-of-school-time providers** who serve children in low-income communities and help these children participate in virtual instruction and get back on track academically, mentally, socially, and physically.
- \$3 million to accelerate **innovation and learning in childcare**, improving the access to high-quality care. The recommendation also adds \$2 million for continued **development and broadcast of high-quality early childhood programming through public television**.
- \$3 million for additional supports for **Early On**, a program designed to identify and respond to developmental delays in young children, with special attention given to reaching more families in innovative ways during the pandemic.
- \$3 million for competitive grants to community colleges, state universities, and independent colleges to **increase college persistence and completion** rates, particularly among working-aged adults impacted by the pandemic.
- \$1.5 million for the Michigan Center for Education Research and Implementation to lead the **replication and scaling of best practices** in instruction, administration, and student support, beginning first with the recommendations of the state’s COVID-19 Student Recovery Advisory Council.

Fiscal Year 2022 K-12 School Aid Executive Budget

(In Thousands)	FY2021 School Aid			FY2022 School Aid		
	Current Law PA 165 of 2020	Exec. Rec. Revised	Difference from Current Law	Executive Budget	Difference from FY21 Current Law	%
<i>School Aid Fund</i>	\$13,589,621.6	\$13,811,616.0	\$221,994.4	\$13,918,589.4	\$328,967.8	2.4%
<i>General Fund</i>	\$50,964.6	\$110,964.6	\$60,000.0	\$40,000.0	(\$10,964.6)	21.5%
<i>Other State Restricted</i>	\$77,700.1	\$79,800.1	\$2,100.0	\$72,000.1	(\$5,700.0)	-7.3%
Total State Funds	\$13,718,286.3	\$14,002,380.7	\$284,094.4	\$14,030,589.5	\$312,303.2	2.3%
<i>Federal Funds</i>	\$1,806,878.5	\$1,937,137.4	\$130,258.9	\$1,822,478.5	\$15,600.0	0.9%
Gross Appropriations	\$15,525,164.8	\$15,939,518.1	\$414,353.3	\$15,853,068.0	\$327,903.2	2.1%
<i>Est. Local Revenue</i>	\$3,950,639.2	\$3,950,639.2	\$0.0	\$3,990,215.8	\$39,576.6	1.0%
Total Funding	\$19,475,804.0	\$19,890,157.3	\$414,353.3	\$19,843,283.8	\$367,479.8	1.9%

Consensus Pupil Estimates

Fiscal Year 2021 – 1,449,100*

Fiscal Year 2022 – 1,434,500,** a decrease of 14,600 pupils (1.0%) from fiscal year 2021

Fiscal Year 2023 – 1,426,000, a decrease of 8,500 (0.6%) from fiscal year 2022

*Fiscal Year 2021 Pupil Count: 75% of the pupil count for the prior year (10% of spring 2019 count plus 90% of the fall 2019 count) plus 25% of the pupil count (10% of the spring 2020 count plus 90% of the fall 2020 count)

**Fiscal Year 2022 and 2023 Pupil Count: 10% of the estimated prior year 2021 count plus 90% of the fall

Weighted Funding Model

The Executive Budget Recommendation includes \$217.1 million to increase operational funding for schools to continue implementation of a **weighted school funding model**. This model includes a base per-pupil foundation payment that builds off the existing foundation allowance plus additional funding for students with more costly educational needs. The investment includes the following components:

- \$203 million to increase the per-pupil foundation allowance by **\$82 to \$164 per pupil, distributed through the 2x formula**. Total state funding for the foundation allowance exceeds \$9.4 billion. The minimum foundation allowance will increase to \$8,275 per pupil, an increase of 2.0%. The target foundation allowance will increase to \$8,611 per pupil, an increase of 1.0%. This reduces the gap between the minimum and target foundation allowance to \$336.

Per-Pupil Foundation Allowances		
	Minimum	Target
FY2021 Foundation	\$8,111	\$8,529
Exec. Rec. Increase	\$164	\$82
FY2022 Foundation	\$8,275	\$8,611

- The budget provides \$61.4 million for state reimbursement payments for the costs associated with educating **special education students**, which can range from academic supports to one-on-one specialists. These payments are in addition to the state’s required reimbursement rate of 28%. In total, the budget includes \$1.2 billion state dollars and \$451 million federal dollars to support special education.
- Funding for **academically at-risk, economically disadvantaged students** is recommended at \$534.5 million, a \$12.5 million increase over the prior year. This provides an estimated \$765 per economically disadvantaged student, which allows districts to provide instructional supports like tutoring and non-instructional supports like counseling to improve academic outcomes. Under the Governor’s budget, districts with state and local revenue per pupil exceeding the maximum foundation allowance will receive 35% of their calculated amount, an increase from the 30% provided in current law.
- In recognition of the higher costs of educating **English Language Learners (ELL)**, the Executive Budget includes \$13.3 million for ELL programming, a 2% increase over current year.
- Funding to support operating costs in **rural and isolated districts** is increased by 2%, to \$7.1 million.
- Funding for **career and technical education and vocational education** is maintained at \$59.8 million.

Student Recovery and Pandemic Response Supports

- Along with the fiscal year 2022 recommendation, the governor is recommending supplemental funding for fiscal year 2021 to respond the pandemic’s impact on students and the education system. This supplemental includes \$435.7 million for the following purposes:
 - \$250 million for **student recovery services** that implement research-informed best practices to support student academic recovery, physical and mental health, and post-secondary readiness and transition.
 - \$60 million for **out-of-school time learning opportunities**. These programs provide opportunities for students through summer learning, before school, after school, day camps, and other activities designed to support student needs outside of the normal school schedule. **An additional \$60 million is recommended in the fiscal year 2022 budget** for the same purpose.
 - \$125.7 million **federal Governor’s Emergency Education Relief Fund dollars** intended to help mitigate the impact of COVID-19 on students. These dollars are allocated by the federal government to **support nonpublic schools (\$86.8 million)** and for other necessary purposes, as determined by the governor, to respond to the pandemic’s impact on education (**\$38.9 million**). These dollars will be used to help intermediate school districts **coordinate and respond to pandemic recovery efforts, identify and support students** who left the education system during the pandemic, provide **mental health supports** for students and teachers, increase access to **out-of-school-time learning** environments, enhance **early childhood learning** opportunities, improve **college persistence and completion**, and provide **research-informed best practices** to implement recommendations of the state’s Student Recovery Advisory Council.
- The fiscal year 2021 supplemental recommendations are in addition to previous supplemental recommendations that included **\$300 million state and more than \$1.6 billion federal dollars** to mitigate the pandemic’s impact on students.

Stabilizing District Enrollment

- Statewide K-12 enrollment has been declining for many years, which causes budget uncertainty for districts. The COVID-19 pandemic exacerbated these enrollment declines. To stabilize the education system and provide greater predictability for districts experiencing these declines, the governor's budget includes additional funding of **\$200 million to pay districts for 70% of lost pupils** between fiscal year 2021 and fiscal year 2022.

Other School Operating Funding

- State funding for **MPSERS retirement contributions** is included at \$1.7 billion, with \$1.3 billion for state contributions above the **statutory cap on unfunded liability costs** for local districts of 20.96% of payroll. Funding is included at \$177.5 million to **pay for increases in normal costs** as a result of adopting more conservative payroll growth assumptions. Total state funding for MPSERS is increased by \$145.3 million. The budget maintains the **MPSERS offset payment** at \$100 million, which has been included in the budget since FY2012.
- Operations funding for **intermediate school districts** is increased by 2%, to a total of \$70.5 million.
- The budget reflects a reduced funding level of approximately \$30.2 million (20% of the foundation allowance) for the state's **cyber schools**, in recognition of lower facility, maintenance, and transportation costs compared to brick-and-mortar schools.

Improving Early Learning and Literacy

- The budget increases funding for **Great Start Readiness Program (GSRP)** by \$32.2 million, to a total of \$282.4 million. This **increase raises the allocation for a full-time preschooler** by \$1,025 to \$8,275, the same level as the proposed minimum K-12 foundation allowance. This is the first increase for children enrolled in GSRP since 2014.
- The budget maintains \$31.5 million to for **state-funded literacy coaches**. These coaches work with teachers across the state to improve early literacy instruction. The number of coaches was tripled in fiscal year 2020, and to ensure these coaches have the proper tools for success, the budget maintains funding for **literacy essentials training**. This funding includes training for literacy coaches, principals, and statewide coordination. The budget includes an additional \$2 million to support **math essentials training**, providing job-embedded professional learning opportunities for mathematics teachers.
- Funding of \$19.9 million is maintained for other **early literacy grants** to districts used to increase reading proficiency by the end of a child's third grade year through the implementation of multi-tiered systems of supports, regular diagnostic screenings of students, and targeted interventions for students identified as falling behind.

Investing in College and Career Readiness Programs

- A total of \$8.2 million is maintained in the budget to support the state's **MiSTEM Network**, which will be rebranded as MiSTEAM to include a focus on "arts." From this amount, \$5.1 million is recommended to support the MiSTEAM Network Regions and administrative activities, and \$3.1 million is recommended for delivering scalable STEAM-related opportunities to pupils statewide.
- The budget maintains \$3 million for the **Michigan College Access Network**, which works to improve college access for low-income and first-generation students.

- The fiscal year 2022 budget maintains \$4.7 million for **First Robotics** programs, as well as \$1.2 million to pay for costs associated with **Advanced Placement, International Baccalaureate, or College-Level Examination Program tests** for low-income pupils.

Assessments and Accountability

- The FY2022 budget includes \$35.8 million (\$29.5 million in state and \$6.3 million in federal) for costs associated with **student assessments** required under state and federal law. Funding for the implementation of a kindergarten benchmark assessment is removed.
- The FY2022 budget maintains a total of \$40.2 million for **state data collection and reporting costs**. This amount includes \$38 million in **grants to districts for data collection** and \$2.2 million to continue the work of the **Michigan Data Hub Network**. The regional data hubs are designed to improve the efficiency of local data collection and provide actionable data to districts through common reports and dashboards. State funding for the **Center for Educational Performance and Information (CEPI)** totals \$18.8 million.
- The budget maintains \$6 million to support **Partnership Models** for interventions in districts identified as needing additional academic supports. With this program, the departments will continue to work with eligible districts to develop intervention plans and coordinate public, private, and non-profit resources to improve student achievement and financial stability.

Health and Safety Supports

- A total of \$8.1 million is included to continue **early interventions, school-level supports, and nutrition programs** for children in Flint. The budget also includes \$1 million for an **early childhood collaborative** in the Flint area to continue the expansion of early childhood services for these children. This item was funded in the Department of Education in fiscal year 2021.
- The Executive Budget maintains \$36.9 million to support **student mental and behavioral health**.
- The governor is recommending \$55 million in fiscal year 2021 supplemental funding for payments to school districts to **replace drinking water fixtures** with fixtures capable of filtering out lead and other impurities.

Student Support Services

- The budget maintains \$7.2 million for state **Early On** programming to provide early identification and interventions for developmental delays in children.
- The budget also maintains \$1.6 million for continued implementation of the **Michigan Integrated Behavioral and Learning Support (MiBLSi)**, a nationally recognized evidence-based and data-driven academic and behavioral intervention model.
- Funding for **adolescent health centers** is continued at \$8 million and funding for **hearing and vision screenings** is maintained at \$5.2 million.
- Funding for **school breakfast and lunch programs** is \$591.7 million: \$35.7 million in state funds and \$556 million in federal funds. Funding for programs to support the inclusion of **locally grown produce** in student meals is maintained at \$2 million.
- Funding of \$30.5 million is maintained for **adult education programs**, administered by the Department of Labor and Economic Opportunity. The budget recommends modifications to the funding distribution formula to target supports to the highest need regions.

- The budget maintains \$7.5 million for the **Michigan Virtual University** to research and support best practices in virtual coursework and to provide professional development.
- **School transportation safety programs** are funded at \$3.8 million: \$1.8 million for school bus inspections provided by Michigan State Police and \$2 million for school bus driver safety training.
- Education programs in **juvenile justice facilities** are included at \$1.4 million. Educational programs that serve **wards of the court** are supported with \$7.7 million.

Debt Service and Other Required Payments

- **School Bond Loan Fund Debt Service** is funded at \$111 million.
- **Renaissance Zone** reimbursements are recommended at \$15.3 million.
- **School Aid Fund Borrowing Costs** are maintained at \$9.5 million.
- **Payments in Lieu of Taxes** are maintained at \$4.6 million.
- **Brownfield Redevelopment Reimbursements** are added, as required by law. Payments are estimated at \$7.5 million.
- **Promise Zone funding** is increased to \$13.8 million.

MPSERS Contribution Rates

The FY2022 MPSERS retirement contribution rates are detailed below:

MPSERS Retirement Rates for FY2022								
	Basic MIP w/Prem Subsidy	Pension Plus w/Prem Subsidy	Pension Plus PHF	Pension Plus to DC w/PHF	Basic/MIP To DC w/ Prem Subsidy	Basic/MIP To DC w/PHF	Basic/ MIP w/PHF	Pension Plus 2 with PHF
Total Rate	43.28%	40.36%	39.50%	36.01%	36.87%	36.01%	42.42%	42.21%
Employer Rate:								
<i>Pension Normal Cost</i>	6.41%	3.49%	3.49%	0.00%	0.00%	0.00%	6.41%	6.20%
<i>Pension UAL</i>	13.73%	13.73%	13.73%	13.73%	13.73%	13.73%	13.73%	13.73%
Pension Total Rate	20.14%	17.22%	17.22%	13.73%	13.73%	13.73%	20.14%	19.93%
Health								
<i>Health Normal Cost</i>	0.86%	0.86%	0.00%	0.00%	0.86%	0.00%	0.00%	0.00%
<i>Health UAL</i>	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%
Retiree Health Total Rate	8.09%	8.09%	7.23%	7.23%	8.09%	7.23%	7.23%	7.23%
Employer Capped Rate								
Employer Capped Rate	28.23%	25.31%	24.45%	20.96%	21.82%	20.96%	27.37%	27.16%
Stabilization Rate (State Funded)								
Stabilization Rate (State Funded)	15.05%	15.05%	15.05%	15.05%	15.05%	15.05%	15.05%	15.05%
FY2021 Employer Capped Rate								
FY2021 Employer Capped Rate	28.21%	25.25%	24.39%	20.96%	21.82%	20.96%	27.35%	27.16%

Acronyms Used Above:

- *MPSERS – Michigan Public School Employees Retirement System*
- *MIP – Member Investment Plan*
- *PHF – Personal Healthcare Fund*
- *DC – Defined Contribution*
- *UAL – Unfunded accrued liability*



STATE BUDGET OFFICE
February 11, 2021

School Aid Executive Budget
Fiscal Years 2021 and 2022
Balance Sheet
(in millions)

	Fiscal Year FY 2021	Fiscal Year FY 2022
January 2021 Consensus Revenue Estimate	\$ 14,030.2	\$ 14,423.7
Marihuana Tax Adjustment	\$ -	\$ (7.0)
Subtotal, Revised School Aid Fund	\$ 14,030.2	\$ 14,416.7
General Fund	\$ 40.0	\$ 40.0
Community District Trust Fund	\$ 79.8	\$ 72.0
Federal Funds	\$ 1,937.1	\$ 1,822.5
Total Resources Available - Ongoing	\$ 16,087.1	\$ 16,351.2
School Aid Ongoing Costs		
Current Law Budget - PA 165 of 2020	\$ 15,340.1	
Pending Supplemental (2021-6)	\$ (60.3)	
Executive Recommendation		\$ 15,592.1
Community Colleges Ongoing Costs		
Current Law Budget - PA 165 of 2020	\$ 425.7	
Executive Recommendation		\$ 428.2
Universities Ongoing Costs		
Current Law Budget - PA 165 of 2020	\$ 356.1	
Executive Recommendation		\$ 361.4
Total Expenditures - Ongoing	\$ 16,061.6	\$ 16,381.7
Ongoing Revenue Balance	\$ 25.5	\$ (30.5)
Beginning Balance - One-Time	\$ 1,190.6	\$ 306.7
General Fund	\$ 71.0	\$ -
Current Law Budget - PA 165 of 2020	\$ 185.0	
School Aid - Pending Supplemental (2020-5)	\$ 8.1	
School Aid - Pending Supplemental (2021-4)	\$ 300.0	
School Aid - Pending Supplemental (2021-6)	\$ 474.6	
Community Colleges - Pending Supplemental (2021-6)	\$ 12.7	
Executive Recommendation - School Aid		\$ 261.0
Executive Recommendation - Community Colleges		\$ 6.5
Total Expenditures - One-Time	\$ 980.4	\$ 267.5
One-Time Revenue Balance	\$ 281.2	\$ 39.3
Estimated CAFR Balance	\$ 306.7	\$ 8.8

Overview

The Governor's proposed budget recommends a one-time increase of \$29.2 million GF, or 2 percent, for university operations. Total recommended funding for higher education, including financial aid programs and retirement costs, is over \$1.7 billion.

Operations

The \$29.2 million one-time operations increase is distributed equally across-the-board with each of the 15 public universities receiving a 2 percent increase over the previous fiscal year.

To receive the funding increase, universities must satisfy the following requirements:

- Universities must limit tuition and fee increases to 4.2 percent, or \$590 per student, whichever is greater. The limit is 2 times the level of projected inflation for fiscal year 2022.
- Universities must actively participate in the Michigan Transfer Network and provide timely updates to the network, which informs students how their credits will transfer in and out to other Michigan postsecondary education institutions.
- Universities must participate in reverse transfer agreements with at least 3 community colleges.
- Universities must not consider whether dual enrollment credits were utilized for high school graduation when deciding to award university credit for those classes.

The Governor also proposes a one-time 2 percent increase, or \$1.3 million, for Michigan State University AgBioResearch and Extension. This brings total funding for these programs to \$65.1 million for fiscal year 2022.

Fiscal Year 2021 Supplemental

Finally, the Governor recommends an additional \$57.3 million in additional university support in fiscal year 2021. This amount serves to partially backfill the fiscal year 2020 reductions to university operations and ensures Michigan will meet its maintenance of effort requirements in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. In order to access these funds, universities will be required to adopt policies related to COVID-19 testing and quarantining, contact tracing, and other mitigation strategies for students living on and off-campus to limit further spread of the virus.

Student Financial Aid

The budget recommends an increase of \$2.5 million to support anticipated growth in the Tuition Incentive Program, while also instituting a tuition cap of 2.5 times the in-district per-credit community college tuition rate. The budget assumes savings of \$5.8 million associated with implementing the cap.

The Governor's budget continues funding for the Michigan Tuition Grant awards at \$2,800 and Michigan Competitive Scholarship awards at \$1,000. Total recommended funding for student financial aid in fiscal year 2022 is \$142 million.

The fiscal year 2022 Executive Recommendation also makes significant investments in the State's two newest last-dollar financial aid programs: the Michigan Reconnect Grant and Futures for Frontliners programs. While these are both funded in the Department of Labor and Economic Opportunity's budget, both programs will help move the State closer to meeting the Governor's goal of 60 percent of Michigan residents ages 25-64 earning a college degree or certificate by 2030.

North American Indian Tuition Waiver

The Governor's budget continues to fully fund the Indian Tuition Waiver with \$12.4 million for universities, including pass-throughs to tribal colleges.

MPSERS

The Governor's budget continues to cap the amount of unfunded accrued liability contributions paid by the seven-member universities of the Michigan Public School Employees Retirement System (MPSERS), with the state making payments for amounts over the statutory cap of 25.73 percent, costs that universities would otherwise have to pay. For fiscal year 2022, the budget reflects maintaining the assumed rate of investment return for the system of 6.8 percent, based on long-term market analysis and industry standards. The higher education budget includes a total of \$18.2 million for university retirement obligations.

Higher Education**CARES Act Maintenance-of-Effort**

February 11, 2021

**Background**

In late March of 2020, Congress passed the CARES Act which included Education Stabilization Funds for states. This program consisted of funds allocated to support K-12 districts known as the Elementary and Secondary School Emergency Relief Fund (ESSER), funds allocated directly to colleges and universities known as the Higher Education Emergency Relief Fund (HEERF), and funds allocated to each State to be appropriated under the discretion of the Governor known as the Governor’s Emergency Education Relief Fund (GEER).

In order to receive the ESSER and GEER funding, the State was required to submit an application to the U.S. Department of Education which included assurances that the State would maintain funding support for K-12 and higher education and new federal funds would supplement state funding.

Baseline Maintenance of Effort (MOE)

Michigan’s baseline MOE estimates were due to the U.S. Department of Education by September 1, 2020. The chart below shows Michigan’s baseline MOE on a per FTE basis is \$4,811. State support for higher education in fiscal years 2020 and 2021 must be greater than or equal to that baseline. This requirement may be waived for States experiencing “precipitous decline in financial resources.” If the State fails to meet MOE and does not receive a waiver, the federal government may ask for the return of all ESSER and GEER funds.

Timeline of Events:

- **March 27, 2020:** CARES Act is signed into law.
- **May 15, 2020:** Consensus Revenue Estimating Conference (CREC) reveals an anticipated \$2 billion revenue shortfall for fiscal year 2020, which is only expected to grow in FY 2021.
- **August 6, 2020:** P.A. 146 of 2020 is signed into law balancing the FY 2020 budget. Virtually all areas of state spending are reduced. Reductions include an 11% (\$200m) reduction to higher education operations. A like amount of federal CRF funds are appropriated to assist with pandemic response.
- **August 24, 2020:** A special August CREC is held which reveals much higher than anticipated revenue projections just in time to negotiate the fiscal year 2021 budget.
- **September 30, 2020:** Governor signs the fiscal year 2021 budget. Due to increased revenues, operations funding for universities and community colleges is restored to pre-reduction levels.

As the timeline above demonstrates, the State had demonstrated precipitous decline in revenues and responded quickly to balance the fiscal year 2020 budget. Only after these measures were taken did the budget outlook improve. The fiscal year 2021 budget reversed the reductions to higher education funding.

Issue

Michigan’s fiscal year 2020 MOE estimate of \$4,627 is below the required level. Additional state funding of approximately \$70 million is needed to meet the MOE requirements for higher education. The fiscal year 2020 final revenues were not known until the January 2021 CREC, at which point it was too late to appropriate additional funding in fiscal year 2020.

Higher Education	FY17	FY18	FY19	3-Year Average (MOE Required)	FY20
Total State Support for Higher Education	\$1,782,689,693	\$1,820,194,859	\$1,857,931,985	\$1,820,272,179	\$1,681,811,963
Total FTE	384,486	378,177	372,430	378,364	\$ 363,473
Total State Support per FTE	\$ 4,637	\$ 4,813	\$ 4,989	\$ 4,811	\$ 4,627

Overview

The Governor's proposed budget includes a one-time increase of \$6.5 million, or 2 percent, for community colleges operations. Total fiscal year 2022 recommended funding for community colleges is \$434.7 million.

Performance Funding Formula

The \$6.5 million operations increase is allocated among the 28 community colleges using the current performance funding formula. This formula allocation is as follows:

- 30 percent across-the-board, proportional to previous year base funding.
- 30 percent based on contact hours weighted to recognize high-cost areas of instruction.
- 30 percent based on three performance metrics (10 percent for number of degree and certificate completions, 10 percent for completion rate, and 10 percent for completion improvement).
- 5 percent based on administrative costs.
- 5 percent based on local strategic value qualifications.

Fiscal Year 2021 Supplemental

The Governor also recommends an additional \$12.7 million in additional community college support in fiscal year 2021. This amount serves to partially backfill the fiscal year 2020 reductions to community college operations and ensures Michigan will meet its maintenance of effort requirements in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. In order to access these funds, community colleges will be required to adopt policies related to COVID-19 testing and quarantining, contact tracing, and other mitigation strategies for students and staff commuting to campus.

Tuition Restraint

Recognizing the significant investment being made to improve college affordability through the Michigan Reconnect Grant and Futures for Frontliners, the budget recommends a new tuition restraint provision in the community college budget to limit annual tuition and fee increases to 2 times the level of inflation (4.2%) in fiscal year 2022. This will help constrain costs increases for students.

North American Indian Tuition Waiver

The Governor's budget continues to fully fund the Indian Tuition Waiver with \$1.7 million for community colleges.

Retirement Reform Payments

The Governor's budget continues to cap the amount of unfunded accrued liability contributions paid by community colleges to the Michigan Public School Employees Retirement System (MPSERS), with the state making payments for amounts over the cap of 20.96 percent. For fiscal year 2022, the budget maintains the assumed investment rate of 6.8 percent, based on long-term market analysis and industry standards. The community colleges budget includes a total of \$100.6 million for community college retirement obligations, which is an increase of \$2.6 million over FY2021, with most of the increase attributable to changes in payroll growth assumptions.

Renaissance Zone Tax Reimbursements

The Governor's proposed budget also continues funding of \$2.2 million for Renaissance Zone Tax Reimbursements. These reimbursements hold community college districts harmless from the impact of property tax exemptions in designated state Renaissance Zones.