



Senate Fiscal Agency
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Senate Bill 762 (S-1 as passed by the Senate)
 Committee: Appropriations

FY 2013-14 Year-to-Date Gross Appropriation \$335,977,600

Changes from FY 2013-14 Year-to-Date:

- 1. **Performance Funding.** The Governor included an \$8.9 million GF/GP (3.0%) increase for community college operations distributed through the same Performance Indicators Task Force Formula that has been used in recent budgets. The Governor included a new tuition and fee restraint prerequisite (3.2%) in order to qualify for any funding increase. The Senate did not include the tuition restraint prerequisite but concurred with the Governor's distribution of performance funding. Table 1 provides details on funding allocations by college. 8,947,300
- 2. **Michigan Public School Employees Retirement System (MPERS) Rate Cap.** The Governor included an increase of \$29,433,600. Of that amount, \$20,900,000 would fund the increase related to the difference between the employer's (community college's) capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate. The Governor included \$8,533,600 to fund reducing the capped rate by 1.2%, from 20.96% to 19.76%. The Governor partially offset the cost increase by proposing the elimination of funding for other MPERS reimbursements that were appropriated to partially offset retiree health care costs (Item #3). The total FY 2014-15 State contribution for community college MPERS obligations under the Governor's recommendation is \$60.8 million. The Senate did not include funding for the proposed capped rate reduction. 20,900,000
- 3. **MPERS Retiree Health Care.** Beginning in FY 2012-13 the budget included a \$1,733,600 appropriation from the State School Aid Fund for the purpose of partially offsetting increasing MPERS retiree health care costs. Distributions are based on the community college MPERS payroll. The Governor transferred this funding to the appropriation for MPERS reform (Item #2). The Senate maintained the \$1,733,600 and also increased funding by \$6.8 million (the balance of the funding associated with the Governor's proposal to lower the capped rate from 20.96% to 19.76%) for a total appropriation of \$8,533,600. 6,800,000
- 4. **Virtual Learning Collaborative.** The Virtual Learning Collaborative provides access to courses offered by all Michigan public community colleges. The FY 2013-14 budget included \$1.1 million GF/GP in one-time funding for the development of course aggregator software, development of a "pathway to credential" tool to help students identify courses toward a career path, develop analytics software that informs colleges of course demand for decision making of future offerings, and development of a repository of online courses and resources for use by faculty at member institutions. (1,100,000)
- 5. **Funding Shift.** The Senate shifted \$150.0 million from the State School Aid Fund to the State General Fund. 0
- 6. **Comparison to Governor's Recommendation.** The Senate is \$0 Gross and \$150,000,000 GF/GP over the Governor.

Total Changes \$35,547,300

FY 2014-15 Senate-Passed Gross Appropriation..... \$371,524,900

Changes from FY 2013-14 Year-to-Date:

1. **Virtual Learning Collaborative.** The Governor and Senate eliminated language associated with one-time FY 2013-14 appropriation for the Virtual Learning Collaborative. (Sec. 201(7))
2. **MPSERS Reform Costs.** The Governor included language reducing the maximum employer rate for the unfunded accrued liability by 1.2%, from 20.96% to 19.76%. Amendments to the Public School Employees Retirement Act will be needed to implement this change. The Senate maintained the current cap of 20.96%. (Sec. 207B)
3. **Transparency.** Requires each community college to make certain information available on its website. The Governor modified this section by eliminating estimated costs incurred due to Affordable Health Care Act, posting a copy of Board resolution on compliance with best practices, and eliminating the authorization for the State Budget Director to determine compliance and withhold State aid payments for noncompliance. The Senate maintained current year requirements and included a new subsection (5) that requires a new report on opportunities for earning college credit at each community college through various programs (e.g., concurrent enrollment, dual enrollment, early/middle college, etc.). (Sec. 209)
4. **Military Status.** States legislative intent that community colleges include in its admission application process a specific question as to whether an applicant for admission is a veteran, an active member of the military, a member of the national guard or military reserves, or the spouse or dependent of a veteran, active member of the military, or member of the national guard or military reserves, in order to more quickly identify potential educational assistance available to that applicant. Senate revised language consistent with what the American Council on Education recommends as the best practice for determining if students are veterans. (Sec. 229)
5. **Performance Indicators Task Force.** Provides that it is the intent of the Legislature that performance measures be reviewed and more fully implemented in future. Delineates formula components. The Governor removed the statement regarding the formula being more fully implemented in future years, removed the requirement for board of trustees' resolution regarding meeting requirements for local strategic value, and included date revisions. The Senate restored requirement for the board of trustees' resolution, added "concurrent enrollment" to listing in subsection (3)(b)(i), and included the Governor's other changes. (Sec. 230).
6. **Tuition Restraint.** The Governor included new language conditioning receipt of performance funding on limiting FY 2014-15 tuition and fee increases for resident students to 3.2% (applies to "in district" and "out-of-district" resident students). The State Budget Director would have the sole authority to determine if a college had met the requirements of tuition restraint. Provides for reporting to subcommittees and fiscal agencies. Redistributes forfeited funds to complying community colleges in proportion to performance funding allocations. Requires report on any redistribution of funds. The Senate did not include tuition restraint. (Sec. 230A)
7. **Restored Sections.** The Senate restored the following sections that were deleted by the Governor: MPSERS reimbursement (Sec. 207A); prohibits use of appropriations for construction or maintenance of self-liquidating projects and requires compliance with Section 238 if the Management and Budget Act and JCOS use and finance requirements -- includes penalty for noncompliance (Sec. 208); block transfers (Sec. 210b); encourages community colleges to achieve efficiencies through collaborations (Sec. 212); requires that all data items used to determine State aid comply with the Manual for Uniform Financial Reporting and the ACS – Senate added workgroup for the purpose of reviewing and updating the ACS (Sec. 217); prohibition on use of appropriations for purchase or lease of foreign automobiles (Sec. 227); prohibition on disciplinary action against an employee for communicating with a member of the Legislature or legislative staff (Sec. 228); and reporting student educational outcomes in the employment market (Sec. 229b).

Date Completed: 5-6-14

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Table 1: FY 2014-15 Community College Appropriation Bill

College	FY 2013-14 Enacted	FY 2014-15 Gov. Rec.		FY 2014-15 Senate								
		Total Appropriation	Percent Change	50% Proportionate To Base	17.5% Weighted Degree Formula	10.0% Student Contact Hours	7.5% Administrative Costs	15.0% Local Strategic Value	Total Formula Distribution	Other Changes	Appropriation	Percent Change
Alpena	\$5,236,500	\$5,390,700	2.9%	78,547	20,374	7,346	24,344	23,600	154,200		\$5,390,700	2.9%
Bay de Noc	5,279,300	5,419,500	2.7%	79,189	24,053	9,488	3,660	23,800	140,200		5,419,500	2.7%
Delta	14,063,500	14,498,900	3.1%	210,952	86,758	42,521	31,892	63,300	435,400		14,498,900	3.1%
Glen Oaks	2,441,500	2,516,100	3.1%	36,622	19,578	5,397	1,963	11,000	74,600		2,516,100	3.1%
Gogebic	4,330,300	4,451,400	2.8%	64,954	13,861	4,853	17,882	19,500	121,100		4,451,400	2.8%
Grand Rapids	17,454,900	17,947,500	2.8%	261,823	62,200	60,876	29,226	78,500	492,600		17,947,500	2.8%
Henry Ford	21,060,000	21,623,800	2.7%	315,899	72,402	63,497	17,230	94,800	563,800		21,623,800	2.7%
Jackson	11,758,200	12,087,300	2.8%	176,373	58,725	23,594	17,546	52,900	329,100		12,087,300	2.8%
Kalamazoo Valley	12,122,500	12,503,100	3.1%	181,837	68,519	40,857	34,744	54,600	380,600		12,503,100	3.1%
Kellogg	9,522,000	9,813,500	3.1%	142,830	49,135	22,883	33,849	42,800	291,500		9,813,500	3.1%
Kirtland	3,055,700	3,167,700	3.7%	45,835	22,898	7,037	22,397	13,800	112,000		3,167,700	3.7%
Lake Michigan	5,178,100	5,342,900	3.2%	77,671	20,753	16,859	26,254	23,300	164,800		5,342,900	3.2%
Lansing	30,023,700	30,877,600	2.8%	450,354	164,993	69,533	33,950	135,100	853,900		30,877,600	2.8%
Macomb	31,931,200	32,816,600	2.8%	478,967	134,078	93,596	35,040	143,700	885,400		32,816,600	2.8%
Mid Michigan	4,517,900	4,682,000	3.6%	67,768	36,235	16,919	22,875	20,300	164,100		4,682,000	3.6%
Monroe	4,342,600	4,492,900	3.5%	65,139	20,491	14,506	30,682	19,500	150,300		4,492,900	3.5%
Montcalm	3,121,200	3,226,700	3.4%	46,818	15,938	6,646	22,065	14,000	105,500		3,226,700	3.4%
Mott	15,247,100	15,686,100	2.9%	228,706	68,034	44,351	29,299	68,600	439,000		15,686,100	2.9%
Muskegon	8,653,500	8,901,000	2.9%	129,802	30,595	18,565	29,685	38,900	247,500		8,901,000	2.9%
North Central	3,064,400	3,172,400	3.5%	45,966	13,580	9,057	25,633	13,800	108,000		3,172,400	3.5%
Northwestern	8,825,300	9,078,800	2.9%	132,379	33,333	20,046	28,065	39,700	253,500		9,078,800	2.9%
Oakland	20,483,100	21,123,300	3.1%	307,246	106,831	104,290	29,666	92,200	640,200		21,123,300	3.1%
St. Clair	6,860,100	7,061,600	2.9%	102,901	27,819	16,907	22,982	30,900	201,500		7,061,600	2.9%
Schoolcraft	12,112,200	12,513,700	3.3%	181,683	91,660	49,560	24,108	54,500	401,500		12,513,700	3.3%
Southwestern	6,404,300	6,576,400	2.7%	96,064	21,471	11,173	14,578	28,800	172,100		6,576,400	2.7%
Washtenaw	12,610,800	13,077,300	3.7%	189,162	141,232	49,381	29,984	56,700	466,500		13,077,300	3.7%
Wayne County	16,194,300	16,727,600	3.3%	242,914	131,399	59,710	26,386	72,900	533,300		16,727,600	3.3%
West Shore	2,349,800	2,414,900	2.8%	35,247	8,833	5,281	5,059	10,600	65,100		2,414,900	2.8%
Subtotal Operations:	\$298,244,000	\$307,191,300	3.0%	\$4,473,648	\$1,565,778	\$894,729	\$671,044	\$1,342,100	\$8,947,300	\$0	\$307,191,300	3.0%
Virtual Learning Collaborative	1,100,000	0	-100.0%							(1,100,000)	0	-100.0%
MPERS Retiree Health Care	1,733,600	0	-100.0%							6,800,000	8,533,600	392.2%
MPERS Reform Costs	31,400,000	60,833,600	93.7%							20,900,000	52,300,000	66.6%
Renaissance Zone Reimbursements	3,500,000	3,500,000	0.0%							0	3,500,000	0.0%
Total Appropriations:	\$335,977,600	\$371,524,900	10.6%	\$4,473,648	\$1,565,778	\$894,729	\$671,044	\$1,342,100	\$8,947,300	\$26,600,000	371,524,900	10.6%
State School Aid Fund	197,614,100	\$197,614,100	0.0%	0	0	0	0	0	0	(150,000,000)	47,614,100	-75.9%
GF/GP	\$138,363,500	\$173,910,800	25.7%	\$4,473,648	\$1,565,778	\$894,729	\$671,044	\$1,342,100	\$8,947,300	\$176,600,000	\$323,910,800	134.1%