



**Senate Fiscal Agency**  
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Senate Bill 117 (as introduced)  
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 134.](#)

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A
<b>GROSS .....</b>	<b>364,724,900</b>	<b>393,825,600</b>	<b>29,100,700</b>	<b>8.0</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS.....</b>	<b>364,724,900</b>	<b>393,825,600</b>	<b>29,100,700</b>	<b>8.0</b>
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING.....</b>	<b>364,724,900</b>	<b>393,825,600</b>	<b>29,100,700</b>	<b>8.0</b>
Less:				
Other State Restricted Funds.....	197,614,100	256,714,800	59,100,700	29.9
<b>GENERAL FUND/GENERAL PURPOSE.....</b>	<b>167,110,800</b>	<b>137,110,800</b>	<b>(30,000,000)</b>	<b>(18.0)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>364,724,900</b>	<b>393,825,600</b>	<b>29,100,700</b>	<b>8.0</b>

**FY 2014-15 Year-to-Date Gross Appropriation .....** **\$364,724,900**

**Changes from FY 2014-15 Year-to-Date:**

- 1. Michigan Public School Employees Retirement System (MPERS) Rate Cap.** The Governor included \$17.2 million School Aid Fund (SAF) to continue funding the difference between the employer's capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate. MPERS reform legislation requires the State to pay the difference between these amounts. The FY 2015-16 amount totals \$69.5 million. 17,200,000
- 2. Independent Part-Time Student Grants.** The Governor included \$6.0 million SAF to initiate a revised version of the Part-Time Independent Student Grants created by Public Act 102 of 1986. The grants were established to foster the pursuit of postsecondary education by part-time students who have financial need. The maximum grant was \$600 per year for not more than two 12-month periods at any given educational institution. The last year these grants received funding was in FY 2008-09 when grants totaled \$2.6 million. The Governor recommended amending Public Act 102 to revise the grant program by limiting grants to community college students, removing the \$600 limit and providing the Department of Treasury with the authority to set the limit each academic year, and changing the two-year limit for each student to three years. The Governor also included new language in the Community College budget (Sec. 215) encouraging community colleges to prioritize grant funds for aid to students who have enrolled in an academic program after not being enrolled for more than a semester or term, who have previously earned credits in an academic program, and who have not yet earned a certificate or degree. 6,000,000

FY 2015-16 COMMUNITY COLLEGES BUDGET

<p>3. <b>Performance Funding.</b> The Governor included a \$4.3 million SAF (1.4%) increase for community college operations distributed through a modified version of the Performance Indicators Task Force Formula that has been used in recent years. The Governor eliminated the Local Strategic Value portion of the formula which was previously used to distribute 15% of the formula allocations. The Governor transferred the 15.0% to the Weighted Degree portion of the formula, increasing that distribution from 17.5% of the formula to 32.5%. The Governor also added computer and information systems to the programs included in the highest weighted degree calculation. The Governor requires active participation in the Michigan Transfer Network as a new prerequisite to receive performance funding. <u>Table 1</u> includes details of allocations by college.</p>	4,300,700
<p>4. <b>Renaissance Zone Reimbursements.</b> Payments are made pursuant to Public Act 376 of 1996. The Act requires the State to reimburse a community college district each year for all tax revenue lost as a result of the exemption of property under the Act. The Governor increased funding from \$3.5 million to \$5.1 million based on current projections. The \$1.6 million increase is funded from the SAF.</p>	1,600,000
<p>5. <b>Funding Shift.</b> The Governor shifted \$30.0 million from the State General Fund to the SAF. This shift does not account for the proposed FY 2014-15 supplemental that would shift \$167.1 million from the State General Fund to the SAF, funding the entire FY 2014-15 Community College budget from the SAF. The Governor's FY 2015-16 recommendation for community colleges funds \$137.1 million of the budget from the State General Fund and \$256.7 from the SAF.</p>	0
<p>Total Changes .....</p>	\$29,100,700
<p><b>FY 2015-16 Governor's Recommendation .....</b></p>	<p><b>\$393,825,600</b></p>

**Boilerplate Changes from FY 2014-15 Year-to-Date:**

1. **Transparency.** Requires each community college to make available through links on its website homepage its annual operating budget, links to the most recent activities classification structure report, current collective bargaining agreements, health care plans, audits and financial reports, projected general fund revenue and expenditures and debt service obligations, estimated costs incurred due to Affordable Health Care Act (ACA), opportunities for earning college credit through dual enrollment and compliance with best practices. Includes certain format requirements consistent with K-12 reporting. Provides that the State Budget Director determines compliance and allows for withholding of State aid payments for noncompliance. The Governor eliminated estimated costs of ACA, Board of Trustees resolution regarding compliance with best practices, the State Budget Director's authority to withhold funds for failure to comply with transparency site requirements, and dual enrollment reporting requirements. (Sec. 209)
2. **Block Transfers.** (1) It is the intent of the Legislature that the Michigan Association of Collegiate Registrars and Admission Officers implement any agreement or agreements among the community colleges and universities concerning the transferability of college courses resulting from the recommendations of the committee created under former section 210a. (2) It is the intent of the Legislature that the Michigan Association of Collegiate Registrars and Admissions Officers, the Michigan Community College Association, and the Presidents Council, State universities of Michigan shall together submit an implementation update report to the Senate and House Appropriations Subcommittees on Community Colleges and Higher Education, the Senate and House Fiscal Agencies, and the State Budget Director by March 1, 2015. The Governor removed the one-time reporting requirement and transferred the implementation requirement in (1) to a new Sec. 213 (2). (Sec. 210b)
3. **Independent Part-Time Student Grants.** The Governor included new language encouraging colleges to prioritize Independent Part-Time Student grants for aid to students who have enrolled in an academic program after not being enrolled for more than a semester or term, who have previously earned credits in an academic program, and who have not yet earned a certificate or degree. (Sec. 215)
4. **Associate Degree Report.** Requires community colleges to report to the Workforce Development Agency (WDA) the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The Governor added a sentence stating colleges shall work with the WDA and Center for Educational Performance and Information (CEPI) to develop a systematic approach for accomplishing this task. (Sec. 226)

5. **Performance Indicators Task Force.** Delineates formula used for FY 2014-15 based on 2006 recommendations of the Performance Indicators Task Force. Sets criteria for Local Strategic Value component of the formula and requires certification of compliance by each college through a board of trustees' resolution. The Governor eliminated the Local Strategic Value portion of formula and increased weighted degrees to 32.5 of formula distribution. The Governor also added a prerequisite that colleges must actively participate in and submit timely updates to the Michigan Transfer Network in order to receive performance funding.
6. **Deleted Provisions.** The Governor deleted: Anticipated appropriations for subsequent fiscal year (Sec. 201a); prohibits use of appropriations for construction or maintenance of self-liquidating projects and requires compliance with Section 238 of the Management and Budget Act and Joint Capital Outlay Subcommittee use and finance requirements -- includes penalty for noncompliance (Sec. 208); encourages community colleges to achieve efficiencies through collaborations (Sec. 212); one-time reporting requirement for ACS advisory committee ((Sec. 217) (4)); prohibition on use of appropriations for purchase or lease of foreign automobiles (Sec. 227); and prohibition on disciplinary action against an employee for communicating with a member of the Legislature or legislative staff (Sec. 228). The Governor also removed legislative intent references in sections 210, 213, 222, and 229.

Date Completed: 2-17-15

Fiscal Analyst: Bill Bowerman

Table 1

**FY 2015-16 COMMUNITY COLLEGE APPROPRIATIONS: GOVERNOR'S RECOMMENDATION**

College	FY 2014-15 Enacted	Non-Formula Adjustments <sup>1)</sup>	50% Proportionate to Base	32.5% Weighted Degree Formula	10.0% Student Contact Hours	7.5% Administrative Costs	Total Formula Distribution	Total Adjustments	Total Appropriation	Percent Change
Alpena	\$5,390,700		\$37,735	\$19,318	\$3,454	\$10,830	\$71,300	\$71,300	\$5,462,000	1.3%
Bay de Noc	5,419,500		37,937	20,474	4,477	5,865	68,800	68,800	5,488,300	1.3%
Delta	14,498,900		101,493	71,842	19,550	14,879	207,800	207,800	14,706,700	1.4%
Glen Oaks	2,516,100		17,613	16,355	2,404	917	37,300	37,300	2,553,400	1.5%
Gogebic	4,451,400		31,160	12,647	2,456	8,709	55,000	55,000	4,506,400	1.2%
Grand Rapids	17,947,500		125,633	58,467	30,047	14,905	229,100	229,100	18,176,600	1.3%
Henry Ford	21,623,800		151,367	62,611	28,941	10,023	252,900	252,900	21,876,700	1.2%
Jackson	12,087,300		84,612	48,962	10,885	10,763	155,200	155,200	12,242,500	1.3%
Kalamazoo Valley	12,503,100		87,522	68,888	19,277	16,131	191,800	191,800	12,694,900	1.5%
Kellogg	9,813,500		68,695	38,404	11,296	15,369	133,800	133,800	9,947,300	1.4%
Kirtland	3,167,700		22,174	20,354	3,442	10,591	56,600	56,600	3,224,300	1.8%
Lake Michigan	5,342,900		37,400	17,888	7,802	8,794	71,900	71,900	5,414,800	1.3%
Lansing	30,877,600		216,144	144,455	33,686	18,144	412,300	412,300	31,289,900	1.3%
Macomb	32,816,600		229,717	112,293	47,070	16,683	405,800	405,800	33,222,400	1.2%
Mid Michigan	4,682,000		32,774	29,516	7,758	9,420	79,500	79,500	4,761,500	1.7%
Monroe	4,492,900		31,450	19,164	6,832	14,709	72,200	72,200	4,565,100	1.6%
Montcalm	3,226,700		22,587	17,323	3,258	11,925	55,100	55,100	3,281,800	1.7%
Mott	15,686,100		109,803	69,719	20,632	14,696	214,800	214,800	15,900,900	1.4%
Muskegon	8,901,000		62,307	25,594	9,129	15,768	112,800	112,800	9,013,800	1.3%
North Central	3,172,400		22,207	11,140	4,429	13,138	50,900	50,900	3,223,300	1.6%
Northwestern	9,078,800		63,552	29,645	9,707	13,385	116,300	116,300	9,195,100	1.3%
Oakland	21,123,300		147,864	99,235	49,697	10,744	307,500	307,500	21,430,800	1.5%
St. Clair	7,061,600		49,431	24,815	8,154	10,630	93,000	93,000	7,154,600	1.3%
Schoolcraft	12,513,700		87,596	77,999	24,980	11,844	202,400	202,400	12,716,100	1.6%
Southwestern	6,576,400		46,035	19,832	5,506	5,210	76,600	76,600	6,653,000	1.2%
Washtenaw	13,077,300		91,542	122,114	24,612	14,435	252,700	252,700	13,330,000	1.9%
Wayne County	16,727,600		117,094	130,515	27,962	11,742	287,300	287,300	17,014,900	1.7%
West Shore	2,414,900		16,904	8,160	2,630	2,303	30,000	30,000	2,444,900	1.2%
<b>Subtotal Operations</b>	<b>\$307,191,300</b>	<b>\$0</b>	<b>\$2,150,348</b>	<b>\$1,397,729</b>	<b>\$430,073</b>	<b>\$322,552</b>	<b>\$4,300,700</b>	<b>\$4,300,700</b>	<b>\$311,492,000</b>	<b>1.4%</b>
Independent Pt-Time Student Grants	\$0	\$6,000,000						6,000,000	6,000,000	---
MPERS Retiree Health Care	1,733,600	0						0	1,733,600	0.0%
MPERS Reform Costs	52,300,000	17,200,000						17,200,000	69,500,000	32.9%
Ren. Zone Reimbursement	3,500,000	1,600,000						1,600,000	5,100,000	45.7%
<b>Total Appropriations</b>	<b>\$364,724,900</b>	<b>\$24,800,000</b>	<b>\$2,150,348</b>	<b>\$1,397,729</b>	<b>\$430,073</b>	<b>\$322,552</b>	<b>\$4,300,700</b>	<b>\$29,100,700</b>	<b>\$393,825,600</b>	<b>8.0%</b>
<b>School Aid Fund</b>	<b>197,614,100</b>	<b>54,800,000</b>	<b>2,150,348</b>	<b>1,397,729</b>	<b>430,073</b>	<b>322,552</b>	<b>4,300,700</b>	<b>59,100,700</b>	<b>\$256,714,800</b>	<b>29.9%</b>
<b>GF/GP</b>	<b>\$167,110,800</b>	<b>(\$30,000,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$30,000,000)</b>	<b>\$137,110,800</b>	<b>(18.0%)</b>

1) Non-Formula Adjustments include funding for Independent Part-Time Student Grants, cost increases for MPERS Reform and Renaissance Zones; and a \$30.0 million funding shift from State General Fund to the School Aid Fund. The FY 2014-15 Enacted column does not reflect the pending FY 2014-15 supplemental that will shift \$167.1 million from GF/GP to the School Aid Fund, funding the entire FY 2014-15 Community College budget from the School Aid Fund.