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Senate Bill 117 (S-1, Draft 1 as reported)  
 Committee: Appropriations

*Throughout this document Senate means Senate Subcommittee.*

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 SENATE SUBCOMM.	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.....	364,724,900	271,114,800	(93,610,100)	(25.7)
<b>GENERAL FUND/GENERAL PURPOSE</b> .....	<b>0</b>	<b>122,710,800</b>	<b>122,710,800</b>	<b>---</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 (MPSERS) Rate Cap.** The Governor and Senate included an additional \$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. MPSERS reform legislation requires the State to pay the difference between these amounts. The FY 2015-16 State payment totals \$69.5 million. 17,200,000
- 2. Part-Time Independent Student Grants.** The Governor and Senate 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 and Senate 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

- 3. Performance Funding.** 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 15.0% 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 Senate maintained the Local Strategic Value portion of the formula and did not concur with the Governor's changes. Table 1 includes details of allocations by college.

The Governor and Senate included active participation in the Michigan Transfer Network as a new prerequisite to receive performance funding. The Governor and Senate also added computer and information systems to the programs included in the highest weighted degree calculation.

4,300,700
  
- 4. Renaissance Zone Reimbursements.** 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 and Senate increased funding from \$3.5 million to \$5.1 million based on current projections. The \$1.6 million increase is funded from the SAF.

1,600,000
  
- 5. Funding Shift.** The FY 2014-15 supplemental (2015 PA 5) shifted \$167.1 million from the State General Fund to the SAF, resulting in the entire FY 2014-15 Community College budget being funded from the SAF. The Governor's FY 2015-16 recommendation for community colleges shifts \$137.1 million back to the State General Fund, leaving \$256.7 supported by the SAF. The Senate shifted an additional \$14.4 million from the State General Fund to the SAF, resulting in FY 2015-16 funding of \$122.7 million of the budget from the State General Fund and \$271.1 from the SAF.

0
  
- 6. Comparison to Governor's Recommendation.** The Senate is \$0 Gross and \$14,400,000 GF/GP under the Governor.

Total Changes .....	\$29,100,700
<b>FY 2015-16 Senate Appropriations Subcommittee Gross Appropriation .....</b>	<b>\$393,825,600</b>

**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. The Senate did not concur with the Governor and maintained current-year language. (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 implementation update report and transferred the implementation requirement in (1) to a new Sec. 213 (2). The Senate maintained the implementation update report and included a new section providing for a workgroup to reach agreement on a 60-credit block that would transfer to universities. (Secs. 210b, 210c, & 210d)

3. **Independent Part-Time Student Grants.** The Governor and Senate 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. The Senate added two subsections that outline Department of Treasury responsibilities regarding payment schedules and needs analysis criteria. (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 and Senate 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. The Senate concurred with the new prerequisite, and clarified "active participation." The Senate did not concur with eliminating the Local Strategic Value portion of the formula. (Sec. 230)
6. **Performance Metrics Review.** The Senate included a new section creating a task force to review, evaluate, discuss, and make recommendations regarding performance indicators established under the authority of Section 242 of Public Act 154 of 2005. The task force shall review whether the current metrics are the most appropriate and reliable performance indicators available and the most efficient methodology for connecting state funding to those indicators. Provides for report with recommendations. (Sec. 230a)
7. **Restored Sections.** The Senate restored the following sections that were deleted by the Governor: 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 if 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); 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). Legislative intent references in sections 210, 213, 222, and 229 were also restored by the Senate.
8. **Deleted Section.** The Governor and Senate deleted one-time reporting requirement for ACS advisory committee. (Sec. 217) (4)

Date Completed: 4-20-15

Fiscal Analyst: Bill Bowerman

Table 1: FY 2015-16 Community College Appropriations

College	FY 2014-15 Year-To-Date	FY 2015-16 Governor's Recommendation			FY 2015-16 Senate		
		Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change
Alpena	\$5,390,700	71,300	\$5,462,000	1.3%	73,700	\$5,464,400	1.4%
Bay de Noc	5,419,500	68,800	5,488,300	1.3%	70,700	5,490,200	1.3%
Delta	14,498,900	207,800	14,706,700	1.4%	205,100	14,704,000	1.4%
Glen Oaks	2,516,100	37,300	2,553,400	1.5%	35,000	2,551,100	1.4%
Gogebic	4,451,400	55,000	4,506,400	1.2%	58,500	4,509,900	1.3%
Grand Rapids	17,947,500	229,100	18,176,600	1.3%	239,800	18,187,300	1.3%
Henry Ford	21,623,800	252,900	21,876,700	1.2%	269,500	21,893,300	1.2%
Jackson	12,087,300	155,200	12,242,500	1.3%	158,000	12,245,300	1.3%
Kalamazoo Valley	12,503,100	191,800	12,694,900	1.5%	186,300	12,689,400	1.5%
Kellogg	9,813,500	133,800	9,947,300	1.4%	136,600	9,950,100	1.4%
Kirtland	3,167,700	56,600	3,224,300	1.8%	53,800	3,221,500	1.7%
Lake Michigan	5,342,900	71,900	5,414,800	1.3%	74,800	5,417,700	1.4%
Lansing	30,877,600	412,300	31,289,900	1.3%	410,600	31,288,200	1.3%
Macomb	32,816,600	405,800	33,222,400	1.2%	422,900	33,239,500	1.3%
Mid Michigan	4,682,000	79,500	4,761,500	1.7%	75,700	4,757,700	1.6%
Monroe	4,492,900	72,200	4,565,100	1.6%	72,700	4,565,600	1.6%
Montcalm	3,226,700	55,100	3,281,800	1.7%	53,900	3,280,600	1.7%
Mott	15,686,100	214,800	15,900,900	1.4%	215,600	15,901,700	1.4%
Muskegon	8,901,000	112,800	9,013,800	1.3%	119,700	9,020,700	1.3%
North Central	3,172,400	50,900	3,223,300	1.6%	52,400	3,224,800	1.7%
Northwestern	9,078,800	116,300	9,195,100	1.3%	121,700	9,200,500	1.3%
Oakland	21,123,300	307,500	21,430,800	1.5%	306,100	21,429,400	1.4%
St. Clair	7,061,600	93,000	7,154,600	1.3%	96,400	7,158,000	1.4%
Schoolcraft	12,513,700	202,400	12,716,100	1.6%	192,700	12,706,400	1.5%
Southwestern	6,576,400	76,600	6,653,000	1.2%	81,200	6,657,600	1.2%
Washtenaw	13,077,300	252,700	13,330,000	1.9%	223,800	13,301,100	1.7%
Wayne County	16,727,600	287,300	17,014,900	1.7%	262,200	16,989,800	1.6%
West Shore	2,414,900	30,000	2,444,900	1.2%	31,300	2,446,200	1.3%
Subtotal Operations:	\$307,191,300	\$4,300,700	\$311,492,000	1.4%	\$4,300,700	\$311,492,000	1.4%
Independent Part-Time Student Grants	\$0	\$6,000,000	\$6,000,000	---	\$6,000,000	\$6,000,000	---
MPSERS Retiree Health Care	1,733,600	0	1,733,600	0.0%	0	1,733,600	0.0%
MPSERS Reform Costs	52,300,000	17,200,000	69,500,000	32.9%	17,200,000	69,500,000	32.9%
Renaissance Zone Reimbursements	3,500,000	1,600,000	5,100,000	45.7%	1,600,000	5,100,000	45.7%
Total Appropriations:	\$364,724,900	\$29,100,700	\$393,825,600	8.0%	\$29,100,700	\$393,825,600	8.0%
State School Aid Fund	364,724,900	(108,010,100)	256,714,800	-29.6%	(93,610,100)	271,114,800	-25.7%
GF/GP	\$0	\$137,110,800	\$137,110,800	---	\$122,710,800	\$122,710,800	---