

COMMUNITY COLLEGES

Summary: As Reported from Committee

FY 2007-08 HB 4360 (H-1)



Analyst: Viola Bay Wild

	FY 2006-07 Originally Enacted*	FY 2007-08 Revised Executive**	FY 2007-08 House	Difference: House From FY 2006-07 Originally Enacted***	
				Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	0.0
Federal	0	0	0	0	0.0
Local	0	0	0	0	0.0
Private	0	0	0	0	0.0
Restricted	0	0	0	0	0.0
GF/GP	289,879,400	323,128,800	\$333,839,600	43,960,200	15.2
Gross	\$289,879,400	\$323,128,800	\$333,839,600	\$43,960,200	15.2
FTEs	0.0	0.0	0.0	0.0	--

* FY 2006-07 Originally Enacted figures do not include the results of supplementals and Executive Order (EO) actions after January 31, 2007; does **not** include E.O. 2007-3 reduction of \$12.9 million and SB 436 reduction of \$12.9 million. (Also does not include E.O. 2007-3 one-time retirement revaluation reduction of \$16.3 million.)

**Revised Executive Recommendation includes the restoration of \$25.8 million reduction taken in E.O. 2007-3 and SB 436.

***Total for House Difference from FY 2006-07 Originally Enacted includes the restoration of \$25.8 million reduction taken in E.O. 2007-3 and SB 436.

Overview

The Community Colleges budget includes funds for the operations of the state's 28 community colleges, the At-Risk Student Success Program, and renaissance zone tax reimbursement to the colleges. Community colleges also receive operating revenue from local property tax revenue and student tuition and fees.

Major Budget Changes From FY 2006-07 Originally Enacted Appropriations

1. Operations Funding

House and **Executive** include \$7.1 million operational increase. House distributes funding through the Task Force formula, **Executive** distributes same increase across the board.

	Originally Enacted FY 2006-07	Revised Executive Change	House Change
Gross	\$283,356,700	\$33,074,400	\$36,785,200
Restricted	0	0	0
GF/GP	\$283,356,700	\$33,074,400	\$36,785,200

House includes \$3.2 million funding to address parity with Higher Education increase in FY 2005-06. Funding distributed across the board in proportion to FY 2005-06 appropriations.

House appropriates \$505,600 to be distributed to three colleges to address low tax base disparity. This adjustment given to colleges that have property tax bases less than \$1.4 billion and assess at least 2.5 mills of property tax effort (Alpena, Bay de Noc, Gogebic).

House and **Executive** appropriate \$225,000 to Wayne County Community College to complete the restoration of the \$450,000 reduction made in FY 2003-04 which was allocated to 3 other colleges that year. (PA 153 of 2006 restored \$225,000 of this reduction previously.)

House and **Executive** include \$12.9 million funding to restore

Major Budget Changes From FY 2006-07 Originally Enacted Appropriations

E.O 2007-3 reduction of one-half of last monthly state aid payment in FY 2007 and an additional \$12.9 million funding to restore S.B. 436 reduction of second-half of last monthly state aid payment in FY 2007.

		<u>Originally Enacted FY 2006-07</u>	<u>Revised Executive Change</u>	<u>House Change</u>
2. Renaissance Zone Tax Reimbursement	Gross	\$3,200,000	\$175,000	\$175,000
House and Executive increase funds for statutorily-required reimbursement to colleges with renaissance zones in their districts by 5.5% to reflect expected increases in taxable value in those zones.	GF/GP	\$3,200,000	\$175,000	\$175,000
3. Nursing Program Grants	Gross	\$0	\$0	\$7,000,000
House includes \$7.0 million funding for nursing program grants. Up to half of funding, \$3.5 million, to be distributed to colleges based upon number of new nursing students in 2007-08 compared to 2006-07. Colleges would receive \$2,000 for each eligible newly enrolled nursing student. The remainder of funding would be distributed to colleges for existing nursing programs based on nursing ADN/RN awards in FY 2005-06. Funding intended to increase nursing program enrollments and expand nursing programs.	GF/GP	\$0	\$0	\$7,000,000

Major Boilerplate Changes From FY 2006-07

Sec. 211. Payment of Appropriations – MODIFIED

Provides a payment schedule for appropriation payments. **Executive** deletes the requirement that the At-Risk Student Success Program grant funds shall be paid in full by November 1st. **House** retains requirement that At-Risk Student funds be paid by November 1st. **Executive** and **House** also require the one-time supplemental payment to restore the last FY 2007 payment that was eliminated through E.O. 2007-3 and S.B.436 be paid to colleges by October 16th.

Sec. 220. Infrastructure, Technology, Equipment, and Maintenance (ITEM) Funding – RETAINED

States legislative intent for restoration of ITEM funds and development of proposals and financing alternatives for special maintenance projects. **Executive** deletes language; **House** retains current-year language.

Sec. 230. Abortion Services – DELETED

Prohibits use of state funds by colleges for provision of health care coverage to employees or their dependents for abortion services, with certain exceptions. **Executive** and **House** delete language.

Sec. 231. Benefits to Unmarried Partners – DELETED

States legislative intent that colleges not extend employee benefits to unmarried partners of employees, except for pre- and post-natal costs. **Executive** and **House** delete language.

Sec. 239. University Appropriation Increases – RETAINED

States legislative intent that any subsequent proposal to increase appropriations for four-year universities be accompanied by similar action for community colleges. **Executive** deletes language; **House** retains current-year language.

Sec. 304. Gast-Mathieu Formula/Performance Indicator Task Force – RETAINED

Recommends that Gast-Mathieu data continue to be collected and the Performance Indicators Task Force funding formula be used for future funding distribution. States legislative intent that performance measures recommended in Task Force Report be reviewed and more fully implemented in the future. **Executive** deletes language; **House** retains current-year language.

Sec. 401. At-Risk Student Success Program – MODIFY

Specifies methodology used to distribute at-risk funds, lists amounts allocated for each college, and allows funds to be used for special needs of at-risk students or the acquisition or upgrade of technology-related equipment and software. **Executive** and **House** modify language and require that equipment or information technology hardware or software purchased using at-risk funds must be associated with the operation of a program designed to address the needs of at-risk students.

Major Boilerplate Changes From FY 2006-07

Sec. 405. Nursing Program Grant – NEW

House includes language requiring that the remaining funding of the nursing program grant appropriation after allocations permitted under section 406 be distributed proportionately based on the number of ADN/RN nursing program awards conferred in 2005-06. Funding may be used to fund program expansion, sustain current programs, reduce attrition, purchase equipment, or retain and acquire faculty; report required.

Sec. 406. Nursing Program Grant Funding Allocation – NEW

House includes language allocating up to \$3.5 million of the nursing program grant funding to be distributed to community colleges based upon the number of new nursing students in 2007-08 school year compared to 2006-07 school year. Colleges would receive up to \$2,000 for each new full-time equivalent undergraduate nursing student. Students must be currently enrolled in an A.D.N. or R.N. nursing degree program, be completing nursing coursework, and currently working towards an A.D.N. or R.N. degree. **House** includes language stating legislative intent that nursing program grant funding be continued in 2008-09 and requires community colleges to report to the Department of Labor and Economic Growth (DLEG) the number of full-time equivalent enrolled nursing students and the methodology used to compile that number. DLEG is authorized to establish procedures and deadlines as needed and directed to make a summary of enrollment information available.

Sec. 502. Audit Requirements – MODIFIED

Provides for audits of data from seven randomly-selected colleges, performance audits by the Auditor General, and responses to audits by colleges. **Executive** retains current-year language; **House** deletes language requiring audits of seven colleges and retains language providing performance audits and responses.

Sec. 511. On-Site Visits and Audits – RETAINED

States legislative intent that the frequency of on-site visits, evaluations, and audits of community colleges be limited and requires DLEG to provide a state plan under federal Perkins Act to the Legislature prior to submission to U.S. Department of Education. **Executive** deletes language; **House** retains current-year language.

**Community Colleges FY 2007-08
HB 4360 (H-1) As Reported by Committee**

College	Y-T-D FY 2006-07 Appropriation*	FY 2007-08 Executive Recommend.	HOUSE RECOMMENDATION				
			Total Task Force Formula Distribution	Other Adjustments**	Parity Funding Payment (FY 2005-06)	FY 2007-08 Total Appropriation	Change from FY 2006-07 Appropriation
Alpena	4,904,800	5,027,400	110,400	125,700	55,700	5,196,600	5.95%
Bay de Noc	4,949,900	5,073,600	121,300	121,400	53,800	5,246,400	5.99%
Delta	13,309,200	13,641,900	366,400		150,500	13,826,100	3.88%
Glen Oaks	2,235,500	2,291,400	57,900		25,200	2,318,600	3.72%
Gogebic	4,044,400	4,145,500	81,800	258,500	46,000	4,430,700	9.55%
Grand Rapids	16,707,300	17,125,000	421,700		189,300	17,318,300	3.66%
Henry Ford	20,330,000	20,838,300	476,400		230,700	21,037,100	3.48%
Jackson	11,235,100	11,516,000	253,700		127,700	11,616,500	3.39%
Kalamazoo	11,518,600	11,806,600	305,900		130,300	11,954,800	3.79%
Kellogg	9,037,500	9,263,400	226,300		102,400	9,366,200	3.64%
Kirtland	2,749,100	2,817,800	78,500		31,100	2,858,700	3.99%
Lake Michigan	4,872,600	4,994,400	115,900		55,100	5,043,600	3.51%
Lansing	28,890,800	29,613,100	719,100		327,400	29,937,300	3.62%
Macomb	30,847,300	31,618,500	764,300		349,300	31,960,900	3.61%
Mid Michigan	4,110,400	4,213,200	102,600		46,600	4,259,600	3.63%
Monroe	4,009,800	4,110,000	109,500		45,300	4,164,600	3.86%
Montcalm	2,890,000	2,962,300	72,300		32,800	2,995,100	3.64%
Mott	14,587,500	14,952,200	350,200		165,500	15,103,200	3.54%
Muskegon	8,292,400	8,499,700	188,000		94,200	8,574,600	3.40%
North Central	2,810,400	2,880,700	67,800		31,900	2,910,100	3.55%
Northwestern	8,455,700	8,667,100	187,100		96,100	8,738,900	3.35%
Oakland	19,485,000	19,972,100	523,300		220,300	20,228,600	3.82%
St. Clair	6,534,700	6,698,100	161,300		73,800	6,769,800	3.60%
Schoolcraft	11,393,400	11,678,200	301,600		129,300	11,824,300	3.78%
Southwestern	6,121,100	6,274,100	129,900		69,400	6,320,400	3.26%
Washtenaw	11,689,400	11,981,600	373,800		131,400	12,194,600	4.32%
Wayne County	15,209,100	15,820,000	370,700	225,000	169,900	15,974,700	5.03%
West Shore	2,135,700	2,189,100	51,900		24,200	2,211,800	3.56%
SUBTOTAL:							
OPERATIONS	283,356,700	290,671,300	7,089,600	730,600	3,205,200	294,382,100	3.89%
E.O. 2007-3 (partial)	(See below)	(See below)				12,879,900	
PA 17 of 07 (S.B. 436)	(See below)	(See below)				12,879,900	
TOTAL OPERATIONS						320,141,900	12.98%
GRANTS:							
At Risk	3,322,700	3,322,700				3,322,700	0.00%
Renaissance Zone	3,200,000	3,375,000		175,000		3,375,000	5.47%
Nursing Programs						7,000,000	
TOTAL	289,879,400	297,369,000	7,089,600	905,600	3,205,200	333,839,600	15.16%
E.O. 2007-3 (partial)	(12,879,900)	12,879,900				(See above)	
PA 17 of 07 (S.B. 436)	(12,879,900)	12,879,900				(See above)	
TOTAL GF/GP	\$264,119,600	\$323,128,800	\$7,089,600	\$905,600	\$3,205,200	\$333,839,600	

*YTD does not include \$16.3 million reduction which was part of E.O. 2007-3 for retirement rate reduction savings.

**Other Adjustments column- 3 colleges given adjustment whose property tax base is less than \$1.4 billion and who assess at least 2.5 mills of property tax effort. WCCC given \$225,000 which restores last half of reduction made in FY 2003-04 that was allocated to 3 other colleges.