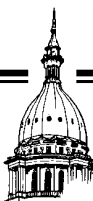




Senate Fiscal Agency
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BILL



ANALYSIS

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[House Bill is H.B. 5372](#)

FY 2012-13 Senate-Passed Gross Appropriation..... **\$294,130,600**

House Changes to Senate-Passed:

1. **Performance Funding.** The Governor included a 3.0% GF/GP increase to community colleges allocated through a new formula based on the average number of completions of associate degrees and certificates below baccalaureate in critical skills areas (3-year average for FY 2008-09, FY 2009-10, and FY 2010-11). Critical skills areas include: science, technology, engineering, mathematics, and health fields. The source of the data is the United States Department of Education Integrated Postsecondary Education Data System (IPEDS). The Senate did not concur with the Governor's proposed distribution. The Senate continues using the Performance Indicators Taskforce recommendations to allocate additional funding. The local strategic value component was modified to allocate funds based on community colleges meeting certain best practice requirements. The Senate allocations are based on the following:
 - 50% proportionate to FY 2011-12 base.
 - 10% contact hour equated students.
 - 7.5% administrative costs.
 - 17.5% weighted degrees.
 - 15.0% local strategic value.

The House did not include formula distributions and instead allocated additional funds across-the-board.
2. **Michigan Public School Employees Retirement System (MPERS) Health Costs.** The Governor and Senate included funding from the School Aid Fund for the purpose of offsetting the increase in MPERS retirement contributions owed by community colleges in FY 2012-13 attributable to the 0.25% increase in costs related to retiree health care. Table 2 provides an estimate of amounts that would be allocated to each community college, based on the FY 2010-11 community college MPERS payroll, an inflationary adjustment, and the intended allocation methodology. Actual distributions will be based on the FY 2011-12 MPERS payroll. The House included the appropriation but allocates the funds across-the-board instead of basing distributions on MPERS payroll.
3. **School Aid Fund.** The Senate shifts \$96,516,400 from the State General Fund to the School Aid Fund, leaving no General Fund appropriation in the community college budget. The House did not include the funding shift.
4. **Renaissance Zone Reimbursements.** The Senate included a placeholder for Renaissance Zone tax reimbursements pursuant to Public Act 376 of 1996. The House did not include this item.
5. **Budget Format.** The House included all additional funding in a separate appropriation unit, total of \$10,250,000 (\$8,516,400 the Governor recommended for performance funding, and \$1,733,600 that the Governor recommended to offset a portion of MPERS costs). The House allocated the entire increase as an across-the board adjustment to partially offset MPERS costs, resulting in a 3.6% increase to each community college.

Total Changes **(\$ 100)**

FY 2012-13 House-Passed Gross Appropriation..... **\$294,130,500**

Changes from FY 2012-13 Senate-Passed:

1. **Anticipated Appropriations Subsequent Fiscal Year.** Boilerplate stating intent of the Legislature to provide the same level of appropriations for the next fiscal year, except that the line items will be adjusted after the January Consensus Revenue Estimating Conference for changes in caseload and related costs, Federal fund match rates, economic factors, and available revenue. The Governor replaced this section with actual line items for FY 2013-14. The Senate did not include line items and restored this section. House maintained language but changed Revenue Estimating Conference to May instead of January. (Sec. 201(a))
2. **Payment Distribution Schedule.** Provides for the payment of funds to colleges in eleven equal monthly payments. Provided for accrual of July and August payments. Withholds payments if Activities Classification Structure (ACS) data are not submitted by November 1. The Governor extended reasons for withholding funds to providing P-20 data and provided that the State Budget Director shall determine compliance with this section. The Senate concurred with the Governor and also added a notice requirement 10 days prior to withholding funds. House did not include notice requirement. (Sec. 206)
3. **Definition Section for Workforce Development Agency.** Included by Governor and Senate. Deleted by House. (Sec. 202a)
4. **Transparency. Governor:** Eliminated language requiring community colleges post on the Internet a comprehensive report categorizing all institutional General Fund expenditures by fiscal year, including a listing of all employee positions by position title, name, and annual salary. Subsection 2 requires report on budgeted revenue and expenditures. **Senate:** Revised by eliminating listing of names and salaries and added standard reporting on college website with additional information required including budget revisions, expenditures, employee costs, employee health care plans, links to collective bargaining agreements, enrollments, student retention, financial aid information, faculty to student ratios, graduation outcome rates, best practices, and also included penalty of withholding State aid payments for noncompliance. **House:** Restored section and added to the reporting requirements a listing of number of employees by position title with salary range, total number of full time faculty, total students enrolled, and the number of students receiving a degree in the most recent academic year. (Sec. 209)
5. **P-20 Longitudinal Data System.** Requires community colleges receiving funds under this act to cooperate with the State to comply with the provisions of the American Recovery and Reinvestment Act (ARRA) of 2009 requiring the establishment of a statewide P-20 Longitudinal Data System. The Governor changed shall "cooperate" to shall "comply". Removed reference to ARRA. Senate concurred with the Governor. House eliminated current year language and requires colleges to provide their longitudinal data system data set for the preceding academic year to CEPI by June 30 of each year. (Sec. 219)
6. **Student Academic Status.** Requires community colleges, upon request, to inform interested Michigan high schools of the aggregate academic status of its students for the prior academic year, in a manner prescribed by the Michigan Community College Association and in cooperation with the Michigan Association of Secondary School Principals. The Governor and Senate modified this language by requiring community colleges to cooperate with CEPI to design and implement a system to accomplish this work. House did not include new language. (Sec. 224)
7. **Senate Restored Sections Deleted by the House.** Governor and House deleted the following sections that the Senate restored: Depressed and Deprived intent (Sec. 205), compliance with JCOS use and finance requirements and penalty provisions (portion of Sec. 208), collaboration with four-year universities, local employers, and other community colleges (Sec. 210), purchase of foreign automobiles (Sec. 227), and intent that performance task force indicators be reviewed and more fully implemented for distribution of State funding in future years - the Senate modified this section to reflect FY 2012-13 adjustments to the formula (Sec. 230).
8. **House Restored Sections.** House restored the following sections that were deleted by the Governor and Senate: Creates committee to develop a process to improve the transferability of core college courses between colleges and universities - House revises membership and adds report (Sec. 210(a)), intent for colleges to promote equal opportunity (Sec. 211), and review statutory mandates (Sec. 216).

Date Completed: 04-30-12

Fiscal Analyst: Bill Bowerman

Table 1: FY 2012-13 Community College Appropriation Bill

College	FY 2011-12 Year-To-Date	FY 2012-13 Governor			FY 2012-13 Senate			FY 2012-13 House		
		Total Adjustments*	Governor's Rec.	Percent Change	Total Adjustments**	FY 2012-13 Senate	Percent Change	Total Adjustments	House	Percent Change
Alpena	4,984,300	168,400	5,152,700	3.4%	149,300	5,133,600	3.0%	149,600	5,133,900	3.0%
Bay de Noc	5,040,200	139,900	5,180,100	2.8%	143,800	5,184,000	2.9%	151,200	5,191,400	3.0%
Delta	13,336,200	583,100	13,919,300	4.4%	436,500	13,772,700	3.3%	400,100	13,736,300	3.0%
Glen Oaks	2,320,900	72,800	2,393,700	3.1%	72,600	2,393,500	3.1%	69,600	2,390,500	3.0%
Gogebic	4,140,500	103,400	4,243,900	2.5%	111,200	4,251,700	2.7%	124,200	4,264,700	3.0%
Grand Rapids	16,649,700	333,400	16,983,100	2.0%	479,500	17,129,200	2.9%	499,500	17,149,200	3.0%
Henry Ford	20,145,000	430,200	20,575,200	2.1%	542,400	20,687,400	2.7%	604,400	20,749,400	3.0%
Jackson	11,219,700	331,600	11,551,300	3.0%	322,300	11,542,000	2.9%	336,600	11,556,300	3.0%
Kalamazoo Valley	11,522,700	399,300	11,922,000	3.5%	357,500	11,880,200	3.1%	345,700	11,868,400	3.0%
Kellogg	9,047,900	279,200	9,327,100	3.1%	282,100	9,330,000	3.1%	271,400	9,319,300	3.0%
Kirtland	2,872,900	155,400	3,028,300	5.4%	108,300	2,981,200	3.8%	86,200	2,959,100	3.0%
Lake Michigan	4,937,700	100,200	5,037,900	2.0%	143,800	5,081,500	2.9%	148,100	5,085,800	3.0%
Lansing	28,651,900	919,800	29,571,700	3.2%	812,000	29,463,900	2.8%	859,500	29,511,400	3.0%
Macomb	30,490,300	693,800	31,184,100	2.3%	853,400	31,343,700	2.8%	914,700	31,405,000	3.0%
Mid Michigan	4,266,800	189,800	4,456,600	4.4%	145,800	4,412,600	3.4%	128,000	4,394,800	3.0%
Monroe	4,094,000	118,500	4,212,500	2.9%	147,900	4,241,900	3.6%	122,800	4,216,800	3.0%
Montcalm	2,946,800	103,200	3,050,000	3.5%	105,000	3,051,800	3.6%	88,400	3,035,200	3.0%
Mott	14,526,400	416,300	14,942,700	2.9%	429,400	14,955,800	3.0%	435,800	14,962,200	3.0%
Muskegon	8,256,700	155,200	8,411,900	1.9%	236,600	8,493,300	2.9%	247,700	8,504,400	3.0%
North Central	2,886,500	76,600	2,963,100	2.7%	106,400	2,992,900	3.7%	86,600	2,973,100	3.0%
Northwestern	8,430,300	112,100	8,542,400	1.3%	231,700	8,662,000	2.7%	252,900	8,683,200	3.0%
Oakland	19,455,900	478,900	19,934,800	2.5%	609,200	20,065,100	3.1%	583,700	20,039,600	3.0%
St. Clair	6,534,100	192,200	6,726,300	2.9%	192,600	6,726,700	2.9%	196,000	6,730,100	3.0%
Schoolcraft	11,477,300	559,500	12,036,800	4.9%	374,800	11,852,100	3.3%	344,300	11,821,600	3.0%
Southwestern	6,143,700	90,400	6,234,100	1.5%	152,900	6,296,600	2.5%	184,300	6,328,000	3.0%
Washtenaw	11,827,300	990,900	12,818,200	8.4%	467,900	12,295,200	4.0%	354,800	12,182,100	3.0%
Wayne County	15,425,900	277,400	15,703,300	1.8%	442,000	15,867,900	2.9%	462,800	15,888,700	3.0%
West Shore	2,248,900	44,900	2,293,800	2.0%	59,500	2,308,400	2.6%	67,500	2,316,400	3.0%
Subtotal Operations:	\$283,880,500	\$8,516,400	\$292,396,900	3.0%	\$8,516,400	\$292,396,900	3.0%	\$8,516,400	\$292,396,900	3.0%
MPERS Retiree Health Care***	\$0	1,733,600	1,733,600	---	1,733,600	1,733,600	---	1,733,600	1,733,600	---
Renaissance Zone Reimbursements	\$0	0	0	0.0%	100	100	---			
Total Appropriations:	\$283,880,500	10,250,000	\$294,130,500	3.6%	10,250,100	294,130,600	3.6%	10,250,000	294,130,500	3.6%
State School Aid Fund	195,880,500	1,733,600	197,614,100	0.9%	98,250,100	294,130,600	50.2%	1,733,600	197,614,100	0.9%
GF/GP	\$88,000,000	\$8,516,400	\$96,516,400	9.7%	(\$88,000,000)	\$0	-100.0%	\$8,516,400	96,516,400	9.7%

* Governor's increase for community college operations based on degrees in Critical Skills Areas (science, technology, engineering, mathematics, and health fields), and MPERS adjustment.

**Total formula adjustments, MPERS funding, Renaissance Zone payments placeholder, and School Aid Fund shift.

***MPERS Retiree Health Care: Governor and Senate would allocate based on individual college MPERS payroll in proportion to total community college MPERS payroll.

House allocates funding across the board, resulting in a 0.6% increase to each college. See Table 2 for MPERS distributions.

Table 2: Estimated Allocation for MPSERS
Senate Distribution Compared to House Distribution

<u>Community College</u>	<u>Senate</u>	<u>House</u>	<u>Difference</u>
Alpena	\$20,400	\$30,400	\$10,000
Bay de Noc	17,200	30,800	13,600
Delta	88,400	81,400	(7,000)
Glen Oaks	8,400	14,200	5,800
Gogebic	11,400	25,300	13,900
Grand Rapids	156,500	101,700	(54,800)
Henry Ford	127,700	123,000	(4,700)
Jackson	44,100	68,500	24,400
Kalamazoo Valley	65,800	70,400	4,600
Kellogg	34,900	55,300	20,400
Kirtland	21,700	17,500	(4,200)
Lake Michigan	29,700	30,200	500
Lansing	143,900	175,000	31,100
Macomb	149,900	186,200	36,300
Mid Michigan	29,500	26,100	(3,400)
Monroe	34,100	25,000	(9,100)
Montcalm	17,600	18,000	400
Mott	81,800	88,700	6,900
Muskegon	31,800	50,400	18,600
North Central	16,800	17,600	800
Northwestern	40,900	51,500	10,600
Oakland	177,600	118,800	(58,800)
St. Clair	35,400	39,900	4,500
Schoolcraft	97,700	70,100	(27,600)
Southwestern	13,400	37,500	24,100
Washtenaw	106,700	72,200	(34,500)
Wayne County	117,300	94,200	(23,100)
West Shore	13,000	13,700	700
TOTAL:	\$1,733,600	\$1,733,600	\$0