



Telephone: (517) 373-2768  
Fax: (517) 373-1986

Senate Bill 134 (S-1 as passed by the Senate)  
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2018-19 YEAR-TO-DATE*	FY 2019-20 SENATE-PASSED	CHANGES FROM FY 2018-19 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions .....	0.0	0.0	N/A	N/A
<b>GROSS</b> .....	<b>408,215,500</b>	<b>416,330,200</b>	<b>8,114,700</b>	<b>2.0</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS</b> .....	<b>408,215,500</b>	<b>416,330,200</b>	<b>8,114,700</b>	<b>2.0</b>
Less:				
Federal Funds .....	0	0	0	0.0
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING</b> .....	<b>408,215,500</b>	<b>416,330,200</b>	<b>8,114,700</b>	<b>2.0</b>
Less:				
Other State Restricted Funds .....	408,215,500	411,496,500	3,281,000	0.8
<b>GENERAL FUND/GENERAL PURPOSE</b> .....	<b>0</b>	<b>4,833,700</b>	<b>4,833,700</b>	<b>--</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>408,215,500</b>	<b>416,330,200</b>	<b>8,114,700</b>	<b>2.0</b>

\*As of March 5, 2019.

	Gross	GF/GP
<b>FY 2018-19 Year-to-Date Appropriation</b> .....	<b>\$408,215,500</b>	<b>\$0</b>

**Changes from FY 2018-19 Year-to-Date:**

- |   |                  |                  |
|---|------------------|------------------|
| <p>1. <b>Community College Operations Increase.</b> The Governor included a 3% increase in community college operations. The increase would be distributed through the existing performance funding formula developed by the 2016 Performance Indicators Review Task Force. The formula allocates the money as follows: 30% proportional to FY19 base appropriation, 30% weighted contact hours, 10% performance improvement, 10% performance completion number, 10% performance completion rate, 5% administrative costs, 5% local strategic value. The Senate retained the performance funding formula, but provided a 1.3% increase instead.</p> | <p>4,048,200</p> | <p>4,048,200</p> |
| <p>2. <b>North American Indian Tuition Waiver Shortfall.</b> The Senate provided an additional \$785,500 GF/GP to offset costs incurred by community colleges under Public Act 174 of 1976.</p>   | <p>785,500</p>   | <p>785,500</p>   |
| <p>3. <b>MPSERS Normal Cost Offset.</b> The Governor moved the \$6.4 million one-time FY19 item for this purpose to an ongoing appropriation and increased the amount by an additional \$5.8 million GF/GP for a total normal cost offset of \$12.2 million. This amount will support the additional costs associated with brining the assumed rate of return for MPSERS fund from 8% to 7.05%. The Senate concurred with this change, but funded the increased amount with School Aid Fund revenue rather than GF/GP.</p>  | <p>5,781,000</p> | <p>0</p>         |

<p>4. <b>MPSERS Unfunded Accrued Liability Stabilization Adjustment.</b> The Governor reduced this item to reflect a reduction in the amount of the State's share of costs above the statutory cap. This reduction would bring total MPSERS UAAL payments to \$74.8 million. The Senate concurred with this change.</p> <p>5. <b>Renaissance Zone Reimbursements.</b> The Governor reduced these payments to reflect a reduced estimate for the amount necessary to reimburse community colleges for lost property tax revenue due to renaissance zones. The Senate concurred with this change.</p> <p>6. <b>Comparison to the Governor's Recommendation.</b> The Senate is \$4,833,800 Gross and \$8,114,800 GF/GP under the Governor.</p>	<p>(2,200,000)</p> <p>(300,000)</p>	<p>0</p> <p>0</p>
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Total Changes .....	\$8,114,700	\$4,833,700
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<b>FY 2019-20 Senate-Passed Gross Appropriation .....</b>	<b>\$416,330,200</b>	<b>\$4,833,700</b>
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**Boilerplate Changes from FY 2018-19 Year-to-Date:**

1. **Schedule of Payments to Community Colleges.** The Governor removed language requiring the State Budget Director to notify the House and Senate Subcommittees before funds are withheld due to a failure to report certain information as required by statute. The Senate retained this language. (Sec. 206)
2. **Use and Finance Noncompliance Penalty.** The Governor removed a section that imposes a 1% reduction in State funding to a community college for each violation of certain requirement of the Management and Budget Act. The Senate retained this section. (Sec. 208)
3. **Transparency Reporting - Noncompliance Penalty.** The Governor removed language that allows the State Budget Director to withhold monthly payments to community colleges if the colleges do not comply with statutory transparency reporting requirements. The Senate retained this language. (Sec. 209)
4. **Academic Program Partnerships.** The Governor removed a section requiring the Michigan Community College Association, Michigan Independent Colleges and Universities, and the Michigan Association of State Universities to submit a report on academic partnership programs. The Senate retained this section. (Sec. 210f)
5. **Cost Containment.** The Governor removed a section requiring community colleges to pursue various efficiencies in their operations. The Senate retained this section. (Sec. 212)
6. **Michigan Community College Data Inventory - Advisory Committee Selection.** The Governor removed language requiring the MCCA members selected to serve on the MCCDI Advisory Committee to be from various community college classification groups. The Senate retained this language. (Sec. 217)
7. **Tuition and Fees Report.** The Governor removed language requiring community colleges to include the annual cost of tuition and fees based on a full-time course load of 30 credits in their tuition and fees report. The Senate retained this language. (Sec. 225)
8. **Purchase of Foreign Automobiles.** The Governor removed a prohibition on the purchase of foreign automobiles using State funds. The Senate retained this section. (Sec. 227)
9. **Communications with Legislature.** The Governor removed a section that prohibits disciplinary action against a community college employee for communicating with a member of the Legislature or legislative staff. The Senate retained this section. (Sec. 228)
10. **Tuition Restraint.** The Governor included a new section that would make the receipt of performance funding contingent upon keeping increases in tuition and fee rates for the 2019-20 academic year less than the greater of 3.2% or \$128. The Senate did not include this new section. (Sec. 230a)

Date Completed: 5-15-19

Fiscal Analyst: Josh Sefton

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.

**Table 1: FY 2019-20 Community College Appropriations - Senate**

College	FY 2018-19 Year-To-Date	FY 2019-20 Adjustments										FY 2019-20 Appropriation	Percent Change
		30.0% Sustainability*	10.0% Performance Improvement	10.0% Performance Completion #	10.0% Performance Completion Rate	30.0% Contact Hours	5.0% Administrative Costs	5.0% Local Strategic Value	Total Formula Distribution	ITW Shortfall (Surplus)	Total Adjustments		
Alpena	\$5,707,600	\$21,510	\$6,308	\$4,607	\$12,592	\$10,264	\$7,521	\$3,585	\$66,400	\$8,500	\$74,900	\$5,782,500	1.3%
Bay de Noc	5,624,800	21,198	6,967	5,301	5,653	11,446	6,669	3,533	60,800	61,700	122,500	5,747,300	2.2
Delta	15,104,300	56,923	15,180	20,650	15,180	51,715	8,776	9,487	177,900	(4,800)	173,100	15,277,400	1.1
Glen Oaks	2,620,000	9,874	5,665	2,086	9,122	7,927	1,067	1,646	37,400	(2,200)	35,200	2,655,200	1.3
Gogebic	4,844,300	18,257	4,868	2,541	12,114	8,274	4,686	3,043	53,800	44,400	98,200	4,942,500	2.0
Grand Rapids	18,709,300	70,509	18,802	24,273	18,802	104,431	8,707	11,752	257,300	159,800	417,100	19,126,400	2.2
Henry Ford	22,463,600	84,658	22,575	19,140	29,896	87,345	7,860	14,110	265,600	(40,000)	225,600	22,689,200	1.0
Jackson	12,698,200	47,855	14,775	10,037	12,761	30,191	8,322	7,976	131,900	28,200	160,100	12,858,300	1.3
Kalamazoo Valley	13,046,600	49,168	13,112	14,071	13,112	52,436	8,816	8,195	158,900	19,000	177,900	13,224,500	1.4
Kellogg	10,214,400	38,495	10,265	12,142	10,265	30,620	9,094	6,416	117,300	64,600	181,900	10,396,300	1.8
Kirtland	3,321,600	12,518	11,828	4,175	3,338	11,655	7,508	2,086	53,100	24,600	77,700	3,399,300	2.3
Lake Michigan	5,672,100	21,376	5,700	5,454	5,700	22,746	4,694	3,563	69,200	2,500	71,700	5,743,800	1.3
Lansing	32,725,800	123,333	35,502	36,434	32,889	89,886	8,092	20,556	346,800	80,300	427,100	33,152,900	1.3
Macomb	34,124,000	128,602	34,294	35,764	40,987	140,379	8,987	21,434	410,400	(44,900)	365,500	34,489,500	1.1
Mid Michigan	5,112,400	19,267	5,138	9,151	5,138	24,021	6,106	3,211	72,000	128,100	200,100	5,312,500	3.9
Monroe	4,708,600	17,745	9,846	5,618	4,732	19,956	8,456	2,958	69,300	(1,200)	68,100	4,776,700	1.4
Montcalm	3,542,900	13,352	8,431	4,607	3,561	10,859	7,272	2,225	50,300	4,200	54,500	3,597,400	1.5
Mott	16,381,600	61,737	16,463	23,830	22,911	55,696	8,003	10,289	198,900	(42,500)	156,400	16,538,000	1.0
Muskegon	9,264,700	34,916	9,311	6,838	9,311	26,466	9,085	5,819	101,700	43,100	144,800	9,409,500	1.6
North Central	3,402,600	12,823	3,420	4,293	9,926	13,726	7,833	2,137	54,200	133,400	187,600	3,590,200	5.5
Northwestern	9,625,400	36,275	15,122	9,951	9,673	26,165	6,981	6,046	110,200	124,700	234,900	9,860,300	2.4
Oakland	22,093,000	83,261	41,507	38,442	22,203	106,864	8,417	13,877	314,600	(36,200)	278,400	22,371,400	1.3
Schoolcraft	13,112,900	49,418	26,251	20,877	20,262	69,731	8,929	8,236	203,700	34,600	238,300	13,351,200	1.8
Southwestern	6,946,900	26,181	8,957	7,684	13,368	15,135	4,366	4,363	80,100	25,400	105,500	7,052,400	1.5
St. Clair	7,358,700	27,733	8,372	8,508	14,070	25,660	7,447	4,622	96,400	(20,600)	75,800	7,434,500	1.0
Washtenaw	13,764,000	51,872	13,833	37,532	20,558	81,247	8,500	8,645	222,200	(2,700)	219,500	13,983,500	1.6
Wayne County	17,487,200	65,904	29,741	28,248	24,110	67,119	7,192	10,984	233,300	(19,000)	214,300	17,701,500	1.2
West Shore	2,573,400	9,698	2,586	2,568	2,586	12,400	3,026	1,616	34,500	12,500	47,000	2,620,400	1.8
Subtotal Operations:	\$322,250,900	\$1,214,460	\$404,820	\$404,820	\$404,820	\$1,214,460	\$202,410	\$202,410	\$4,048,200	\$785,500	\$4,833,700	\$327,084,600	1.5%
MPERS Normal Cost Offset	\$0									\$12,212,000	\$12,212,000	\$12,212,000	N/A
MPERS Retiree Health Care	1,733,600									0	0	1,733,600	0.0
MPERS Reform Costs	75,300,000									(2,200,000)	(2,200,000)	73,100,000	(2.9)
Renaissance Zone Reimbursements	2,500,000									(300,000)	(300,000)	2,200,000	(12.0)
MPERS Normal Cost Hold Harmless (one-time)	6,431,000									(6,431,000)	(6,431,000)	0	(100.0)
Total Appropriations	\$408,215,500	\$1,214,460	\$404,820	\$404,820	\$404,820	\$1,214,460	\$202,410	\$202,410	\$4,048,200	\$4,066,500	\$8,114,700	\$416,330,200	2.0%
State School Aid Fund	408,215,500	0	0	0	0	0	0	0	0	3,281,000	3,281,000	411,496,500	0.8
GF/GP	\$0	\$1,214,460	\$404,820	\$404,820	\$404,820	\$1,214,460	\$202,410	\$202,410	\$4,048,200	\$785,500	\$4,833,700	\$4,833,700	N/A

Table 2: FY 2019-20 Community College Appropriations: Senate Compared to Governor

College	FY 2018-19 Year-To-Date	FY 2019-20 Governor's Recommendation			FY 2019-20 Senate		
		Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change
Alpena	\$5,707,600	\$158,500	\$5,866,100	2.8%	\$74,900	\$5,782,500	1.3%
Bay de Noc	5,624,800	145,100	5,769,900	2.6%	122,500	5,747,300	2.2%
Delta	15,104,300	424,900	15,529,200	2.8%	173,100	15,277,400	1.1%
Glen Oaks	2,620,000	89,400	2,709,400	3.4%	35,200	2,655,200	1.3%
Gogebic	4,844,300	128,400	4,972,700	2.7%	98,200	4,942,500	2.0%
Grand Rapids	18,709,300	614,400	19,323,700	3.3%	417,100	19,126,400	2.2%
Henry Ford	22,463,600	634,200	23,097,800	2.8%	225,600	22,689,200	1.0%
Jackson	12,698,200	315,000	13,013,200	2.5%	160,100	12,858,300	1.3%
Kalamazoo Valley	13,046,600	379,500	13,426,100	2.9%	177,900	13,224,500	1.4%
Kellogg	10,214,400	280,100	10,494,500	2.7%	181,900	10,396,300	1.8%
Kirtland	3,321,600	126,800	3,448,400	3.8%	77,700	3,399,300	2.3%
Lake Michigan	5,672,100	165,300	5,837,400	2.9%	71,700	5,743,800	1.3%
Lansing	32,725,800	828,200	33,554,000	2.5%	427,100	33,152,900	1.3%
Macomb	34,124,000	980,200	35,104,200	2.9%	365,500	34,489,500	1.1%
Mid Michigan	5,112,400	172,000	5,284,400	3.4%	200,100	5,312,500	3.9%
Monroe	4,708,600	165,500	4,874,100	3.5%	68,100	4,776,700	1.4%
Montcalm	3,542,900	120,200	3,663,100	3.4%	54,500	3,597,400	1.5%
Mott	16,381,600	475,100	16,856,700	2.9%	156,400	16,538,000	1.0%
Muskegon	9,264,700	243,000	9,507,700	2.6%	144,800	9,409,500	1.6%
North Central	3,402,600	129,300	3,531,900	3.8%	187,600	3,590,200	5.5%
Northwestern	9,625,400	263,200	9,888,600	2.7%	234,900	9,860,300	2.4%
Oakland	22,093,000	751,200	22,844,200	3.4%	278,400	22,371,400	1.3%
Schoolcraft	13,112,900	486,500	13,599,400	3.7%	238,300	13,351,200	1.8%
Southwestern	6,946,900	191,200	7,138,100	2.8%	105,500	7,052,400	1.5%
St. Clair	7,358,700	230,200	7,588,900	3.1%	75,800	7,434,500	1.0%
Washtenaw	13,764,000	530,600	14,294,600	3.9%	219,500	13,983,500	1.6%
Wayne County	17,487,200	557,100	18,044,300	3.2%	214,300	17,701,500	1.2%
West Shore	2,573,400	82,400	2,655,800	3.2%	47,000	2,620,400	1.8%
<b>Subtotal Operations:</b>	<b>\$322,250,900</b>	<b>\$9,667,500</b>	<b>\$331,918,400</b>	<b>3.0%</b>	<b>\$4,833,700</b>	<b>\$327,084,600</b>	<b>1.5%</b>
MPERS Normal Cost Offset	\$0	\$12,212,000	\$12,212,000	N/A	\$12,212,000	\$12,212,000	N/A
MPERS Retiree Health Care	1,733,600	0	1,733,600	0.0%	0	\$1,733,600	0.0%
MPERS Reform Costs	75,300,000	(2,200,000)	73,100,000	(2.9)	(2,200,000)	73,100,000	(2.9)
Renaissance Zone Reimbursements	2,500,000	(300,000)	2,200,000	(12.0)	(300,000)	2,200,000	(12.0)
MPERS Normal Cost Offset (one-time)	6,431,000	(6,431,000)	0	(100.0)	(6,431,000)	0	(100.0)
<b>Total Appropriations:</b>	<b>\$408,215,500</b>	<b>\$12,948,500</b>	<b>\$421,164,000</b>	<b>3.2%</b>	<b>\$8,114,700</b>	<b>\$416,330,200</b>	<b>2.0%</b>
<b>State School Aid Fund</b>	<b>408,215,500</b>	<b>0</b>	<b>408,215,500</b>	<b>0.0</b>	<b>3,281,000</b>	<b>411,496,500</b>	<b>0.8</b>
<b>GF/GP</b>	<b>\$0</b>	<b>\$12,948,500</b>	<b>\$12,948,500</b>	<b>N/A</b>	<b>\$4,833,700</b>	<b>\$4,833,700</b>	<b>N/A</b>