



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

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

FY 2011-12 Year-to-Date Gross Appropriation	\$283,880,500
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Changes from FY 2011-12 Year-to-Date:

Items Included by the Senate and House

1. There are no Items of Agreement for appropriations line items.

Conference Agreement on Items of Difference

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| <p>2. Performance Funding. Governor included an \$8,516,400 (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. Senate did not concur with Governor's proposed distribution. 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. 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. House did not include formula distributions and instead allocated additional funds across-the-board and earmarked funding for MPSERS costs. Conference concurred with Senate distribution, but earmarked increase for MPSERS costs. <u>Table 1</u> and <u>Table 3</u> list details.</p> | 8,516,400 |
| <p>3. Michigan Public School Employees Retirement System (MPSERS) Health Costs. Governor and Senate included \$1,733,600 from the School Aid Fund for the purpose of offsetting the increase in MPSERS retirement contributions attributable to the 0.25% increase in retiree health care costs. Distributions were to be based on the FY 2011-12 MPSERS payroll. House included the appropriation but allocated the funds across-the-board instead of basing distributions on MPSERS payroll. Conference concurred with House distribution. <u>Table 2</u> shows the estimated difference between the distribution methods.</p> | 1,733,600 |
| <p>4. School Aid Fund. Senate shifted \$96,516,400 from the State General Fund to the School Aid Fund, leaving no General Fund appropriation in the community college budget. House did not include the funding shift. Conference concurred with the House.</p> | 0 |
| <p>5. Renaissance Zone Reimbursements. Senate included a placeholder for Renaissance Zone tax reimbursements pursuant to Public Act 376 of 1996. The estimated cost of these reimbursements is \$3.5 million. Leadership agreement included funding in the Department of Treasury budget.</p> | 0 |
| <p>6. Budget Format. House included all additional funding in a separate appropriation unit, total of \$10,250,000 (\$8,516,400 GF/GP the Governor recommended for performance funding, and \$1,733,600 SAF that the Governor recommended to offset a portion of MPSERS costs). Conference included the \$8,516,400 in college operations line items, and the \$1,733,600 in a separate section.</p> | 0 |

Total Changes	\$10,250,000
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FY 2012-13 Conference Report Ongoing/One-Time Gross Appropriation	\$294,130,500
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Amount Over/(Under) GF/GP Target: \$0

Changes from FY 2011-12 Year-to-Date:Items Included by the Senate and House

1. **Performance Funding Calculations.** Governor included new language basing allocations of new funding on the average number of completions of associate degrees and certificates in critical skills areas (3-year average for FY 2008-09, FY 2009-10, and FY 2010-11). Provides that community colleges shall report to the Center for Educational Performance and Information (CEPI) the number of students in the most recently completed academic year that transferred to a 4-year college or university and states that data will be used in the FY 2013-14 formula. Senate & House did not include this section. (Sec. 206(b))
2. **State Building Authority Rent.** Governor, Senate, & House included new language listing amounts paid by the State for previously constructed capital projects for each community college. (Sec. 229(a))
3. **Restored Sections.** Senate & House restored the following sections that were deleted by the Governor: Buy America intent (Sec. 204), report on budget revenue sources, expenditures and other data (Sec. 209(5)), encourages community colleges to achieve efficiencies (Sec. 212), prohibits purchase of foreign automobiles (Sec. 227), and prohibits disciplinary action against an employee for communicating with the Legislature (Sec. 228).
4. **Deleted Sections.** Governor, Senate & House removed a provision that creates committee to develop a common set of scores using the ACT assessment to determine placement in developmental courses at community colleges. (Sec. 214)

Conference Agreement on Items of Difference

5. **Anticipated Appropriations Subsequent Fiscal Year.** Governor replaced this section with line items for FY 2013-14. Senate & House did not include line items and restored this section. House changed Revenue Estimating Conference to May instead of January. Conference concurred with Senate. (Sec. 201(a))
6. **Payment Distribution Schedule.** Governor authorized withholding funds for failure to provide P-20 data. Budget Director shall determine compliance. Senate concurred with Governor and also added a notice requirement 10 days prior to withholding funds. House did not include notice requirement. Conference concurred with Senate. (Sec. 206)
7. **Transparency.** Governor eliminated language requiring community colleges post on the Internet a comprehensive report categorizing all institutional G/F expenditures by fiscal year (including a listing of all employee positions by position title, name, and annual salary) and 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, including total number of full time faculty, total students enrolled, and the number of students receiving a degree in the most recent academic year. Conference modified Senate language by removing certain format requirements, modifying information requirements and linking certain data to existing information in the Activities Classification Structure. (Sec. 209)
8. **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. Governor and Senate changed shall "cooperate" to shall "comply". Removed reference to ARRA. House and Conference eliminated current year language and required colleges to provide their longitudinal data system data set for the preceding academic year to CEPI by June 30 of each year. (Sec. 219)
9. **Student Academic Status.** Governor, Senate, and Conference modified this language by requiring community colleges to cooperate with CEPI to design and implement a system to accomplish this work. (Sec. 224)
10. **Restored Sections.** Conference 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); intent that performance task force indicators be reviewed and more fully implemented for distribution of State funding in future years - Senate and Conference modified this section to reflect FY 2012-13 adjustments to the formula (Sec. 230); creates committee to develop a process to improve the transferability of core college courses between colleges and universities - House and Conference revised membership and added report (Sec. 210(a)); and review statutory mandates (Sec. 216).
11. **Other Changes.** Conference concurred with Governor and Senate by removing intent language for colleges to promote equal opportunity. (Sec. 211)

Date Completed: 5-29-12

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			FY 2012-13 Conference		
		Adjustments*	Appropriation	Percent Change	Adjustments**	Appropriation	Percent Change	Adjustments***	Appropriation	Percent Change	Adjustments	Appropriation	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%	\$149,300	\$5,133,600	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%	143,800	5,184,000	2.9%
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%	436,500	13,772,700	3.3%
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%	72,600	2,393,500	3.1%
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%	111,200	4,251,700	2.7%
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%	479,500	17,129,200	2.9%
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%	542,400	20,687,400	2.7%
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%	322,300	11,542,000	2.9%
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%	357,500	11,880,200	3.1%
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%	282,100	9,330,000	3.1%
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%	108,300	2,981,200	3.8%
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%	143,800	5,081,500	2.9%
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%	812,000	29,463,900	2.8%
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%	853,400	31,343,700	2.8%
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%	145,800	4,412,600	3.4%
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%	147,900	4,241,900	3.6%
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%	105,000	3,051,800	3.6%
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%	429,400	14,955,800	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%	236,600	8,493,300	2.9%
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%	106,400	2,992,900	3.7%
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%	231,700	8,662,000	2.7%
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%	609,200	20,065,100	3.1%
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%	192,600	6,726,700	2.9%
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%	374,800	11,852,100	3.3%
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%	152,900	6,296,600	2.5%
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%	467,900	12,295,200	4.0%
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%	442,000	15,867,900	2.9%
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%	59,500	2,308,400	2.6%
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%	\$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	---	1,733,600	1,733,600	---
Renaissance Zone Reimbursements	\$0	0	0	0.0%	100	100	---				0	0	0.0%
Total Appropriations:	\$283,880,500	\$10,250,000	\$294,130,500	3.6%	\$10,250,100.00	294,130,600	3.6%	10,250,000	294,130,500	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%	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%	\$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.

**Senate adjustments include Performance Indicators Task Force distributions, MPERS funding, Renaissance Zone payments placeholder, and School Aid Fund shift. Amounts assume each college will qualify for local strategic value funding allocation.

***House increases distributed across-the-board.

****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
Conference and House Distribution Compared to Senate

<u>Community College</u>	<u>Senate</u>	<u>Conference & 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



Table 3: FY 2012-13 Community College Appropriation Bill Detail

College	FY 2011-12 Year-To-Date	FY 2012-13 Conference									Percent Change
		50% Proportionate To Base	10.0% Student Contact Hours	7.5% Admin. Cost Component	17.5% Weighted Degrees	15% Strategic Value	Formula Distribution	MPSERS Funding	Total Adjustments	FY 2012-13 Appropriation	
Alpena	4,984,300	74,800	7,000	18,100	27,000	22,400	149,300	30,400	179,700	5,164,000	3.6
Bay de Noc	5,040,200	75,600	9,200	11,100	25,200	22,700	143,800	30,800	174,600	5,214,800	3.5
Delta	13,336,200	200,000	38,900	31,800	105,800	60,000	436,500	81,400	517,900	13,854,100	3.9
Glen Oaks	2,320,900	34,800	5,500	10,500	11,300	10,500	72,600	14,200	86,800	2,407,700	3.7
Gogebic	4,140,500	62,100	4,600	10,500	15,400	18,600	111,200	25,300	136,500	4,277,000	3.3
Grand Rapids	16,649,700	249,700	57,400	28,700	68,800	74,900	479,500	101,700	581,200	17,230,900	3.5
Henry Ford	20,145,000	302,200	57,200	20,500	71,800	90,700	542,400	123,000	665,400	20,810,400	3.3
Jackson	11,219,700	168,300	26,100	25,300	52,100	50,500	322,300	68,500	390,800	11,610,500	3.5
Kalamazoo Valley	11,522,700	172,800	38,100	32,200	62,500	51,900	357,500	70,400	427,900	11,950,600	3.7
Kellogg	9,047,900	135,700	20,900	32,400	52,400	40,700	282,100	55,300	337,400	9,385,300	3.7
Kirtland	2,872,900	43,100	7,100	20,700	24,500	12,900	108,300	17,500	125,800	2,998,700	4.4
Lake Michigan	4,937,700	74,100	16,200	13,100	18,200	22,200	143,800	30,200	174,000	5,111,700	3.5
Lansing	28,651,900	429,800	67,600	40,100	145,600	128,900	812,000	175,000	987,000	29,638,900	3.4
Macomb	30,490,300	457,300	85,100	33,400	140,400	137,200	853,400	186,200	1,039,600	31,529,900	3.4
Mid Michigan	4,266,800	64,000	17,500	11,900	33,200	19,200	145,800	26,100	171,900	4,438,700	4.0
Monroe	4,094,000	61,400	14,300	31,300	22,500	18,400	147,900	25,000	172,900	4,266,900	4.2
Montcalm	2,946,800	44,200	6,600	23,700	17,200	13,300	105,000	18,000	123,000	3,069,800	4.2
Mott	14,526,400	217,900	43,400	31,200	71,500	65,400	429,400	88,700	518,100	15,044,500	3.6
Muskegon	8,256,700	123,900	17,800	30,700	27,000	37,200	236,600	50,400	287,000	8,543,700	3.5
North Central	2,886,500	43,300	8,400	25,900	15,800	13,000	106,400	17,600	124,000	3,010,500	4.3
Northwestern	8,430,300	126,500	18,300	24,500	24,500	37,900	231,700	51,500	283,200	8,713,500	3.4
Oakland	19,455,900	291,800	94,600	36,700	98,500	87,600	609,200	118,800	728,000	20,183,900	3.7
St. Clair	6,534,100	98,000	17,300	14,700	33,200	29,400	192,600	39,900	232,500	6,766,600	3.6
Schoolcraft	11,477,300	172,200	45,000	21,100	84,900	51,600	374,800	70,100	444,900	11,922,200	3.9
Southwestern	6,143,700	92,200	10,900	5,800	16,400	27,600	152,900	37,500	190,400	6,334,100	3.1
Washtenaw	11,827,300	177,400	48,900	29,900	158,500	53,200	467,900	72,200	540,100	12,367,400	4.6
Wayne County	15,425,900	231,400	62,900	20,900	57,400	69,400	442,000	94,200	536,200	15,962,100	3.5
West Shore	2,248,900	33,700	4,800	2,000	8,800	10,200	59,500	13,700	73,200	2,322,100	3.3
Subtotal Operations:	\$283,880,500	\$4,258,200	\$851,600	\$638,700	\$1,490,400	\$1,277,500	\$8,516,400	\$1,733,600	\$10,250,000	\$294,130,500	3.6
Total Appropriations:	\$283,880,500	\$4,258,200	\$851,600	\$638,700	\$1,490,400	\$1,277,500	\$8,516,400	\$1,733,600	10,250,000	294,130,500	3.6
State School Aid Fund	195,880,500	0	0	0	0	0	0	1,733,600	1,733,600	197,614,100	0.9
GF/GP	\$88,000,000	\$4,258,200	\$851,600	\$638,700	\$1,490,400	\$1,277,500	\$8,516,400	\$0	\$8,516,400	\$96,516,400	9.7