



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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Senate Bill 949 (S-1 as passed by the Senate)  
 Committee: Appropriations

<b>FY 2011-12 Year-to-Date Gross Appropriation .....</b>	<b>\$283,880,500</b>
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**Changes from FY 2011-12 Year-to-Date:**

- 1. Performance Funding.** 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.

See Table 1 for distributions.

8,516,400
- 2. Michigan Public School Employees Retirement System (MPERS) Health Costs.** 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.

1,733,600
- 3. School Aid Fund.** 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.

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- 4. Renaissance Zone Reimbursements.** Senate added a \$100 placeholder for Renaissance Zone Tax reimbursements pursuant to Public Act 376 of 1996. The last appropriation to community colleges for these payments was in FY 2009-10. The FY 2011-12 cost, if payments were made, is estimated at \$3.5 million.

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- 5. Comparison to Governor's Recommendation.** The Senate is at the Governors recommendation for Gross funding and \$96,516,400 under the Governor for General Fund.

Total Changes .....	\$10,250,100
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<b>FY 2012-13 Senate-Passed Gross Appropriation .....</b>	<b>\$294,130,600</b>
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**Changes from FY 2011-12 Year to Date:**

1. **Performance Funding Calculations.** The Governor included new language basing formula allocations of new funding 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). The source of the data is the United States Department of Education Integrated Postsecondary Education Data System (IPEDS). 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. The Senate did not include this section. (Sec. 206(b))
2. **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 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 does not include line items and restored this section. (Sec. 201(a))
3. **Payment Distribution Schedule.** Provides for the payment of funds to colleges in eleven equal monthly payments. Provides 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 provides 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. (Sec. 206)
4. **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. The Senate concurred with the Governor. (Sec. 219)
5. **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. (Sec. 224)
6. **State Building Authority Rent.** The Governor and Senate included new language listing amounts paid by the State for previously constructed capital projects for each community college. (Sec. 229(a))
7. **Restored Sections.** The Senate restored the following sections that were deleted by the Governor: Buy America intent (Sec. 204), Depressed and Deprived intent (Sec. 205), compliance with JCOS use and finance requirements and penalty provisions (portion of Sec. 208), transparency and budget reporting requirements – this section was modified to reflect standard posting of information consistent with current local school districts requirements (also authorizes the State Budget Director to withhold State aid payments for noncompliance) (Sec. 209(1-4)), report on budget revenue sources, expenditures and other data - the Senate added to list of reporting requirements and specified location of information on college website (Sec. 209(5)), collaboration with four-year universities (Sec. 210), encourages community colleges to achieve efficiencies (Sec. 212), prohibits purchase of foreign automobiles (Sec. 227), prohibits disciplinary action against an employee for communicating with the Legislature (Sec. 228), 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. **Deleted Sections.** The Governor and Senate removed: transferability of core college courses between colleges and universities (Sec. 210(a)), intent for colleges to promote equal opportunity (Sec. 211), creates committee to develop a common set of scores using the ACT assessment to determine placement in developmental courses at community colleges (Sec. 214), and review statutory mandates (Sec. 216).

Date Completed: 4-27-12

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					Total Adjustments**	FY 2012-13 Senate	Percent Change
		Total Adjustments*	Governor's Rec.	Percent Change	50% Proportionate To Base	10.0% Student Contact Hours	7.5% Administrative Cost Component	17.5% Weighted Degree Formula	15% Strategic Value Proportionate to Base**			
Alpena	4,984,300	168,400	5,152,700	3.4%	74,800	7,000	18,100	27,000	22,400	149,300	5,133,600	3.0%
Bay de Noc	5,040,200	139,900	5,180,100	2.8%	75,600	9,200	11,100	25,200	22,700	143,800	5,184,000	2.9%
Delta	13,336,200	583,100	13,919,300	4.4%	200,000	38,900	31,800	105,800	60,000	436,500	13,772,700	3.3%
Glen Oaks	2,320,900	72,800	2,393,700	3.1%	34,800	5,500	10,500	11,300	10,500	72,600	2,393,500	3.1%
Gogebic	4,140,500	103,400	4,243,900	2.5%	62,100	4,600	10,500	15,400	18,600	111,200	4,251,700	2.7%
Grand Rapids	16,649,700	333,400	16,983,100	2.0%	249,700	57,400	28,700	68,800	74,900	479,500	17,129,200	2.9%
Henry Ford	20,145,000	430,200	20,575,200	2.1%	302,200	57,200	20,500	71,800	90,700	542,400	20,687,400	2.7%
Jackson	11,219,700	331,600	11,551,300	3.0%	168,300	26,100	25,300	52,100	50,500	322,300	11,542,000	2.9%
Kalamazoo Valley	11,522,700	399,300	11,922,000	3.5%	172,800	38,100	32,200	62,500	51,900	357,500	11,880,200	3.1%
Kellogg	9,047,900	279,200	9,327,100	3.1%	135,700	20,900	32,400	52,400	40,700	282,100	9,330,000	3.1%
Kirtland	2,872,900	155,400	3,028,300	5.4%	43,100	7,100	20,700	24,500	12,900	108,300	2,981,200	3.8%
Lake Michigan	4,937,700	100,200	5,037,900	2.0%	74,100	16,200	13,100	18,200	22,200	143,800	5,081,500	2.9%
Lansing	28,651,900	919,800	29,571,700	3.2%	429,800	67,600	40,100	145,600	128,900	812,000	29,463,900	2.8%
Macomb	30,490,300	693,800	31,184,100	2.3%	457,300	85,100	33,400	140,400	137,200	853,400	31,343,700	2.8%
Mid Michigan	4,266,800	189,800	4,456,600	4.4%	64,000	17,500	11,900	33,200	19,200	145,800	4,412,600	3.4%
Monroe	4,094,000	118,500	4,212,500	2.9%	61,400	14,300	31,300	22,500	18,400	147,900	4,241,900	3.6%
Montcalm	2,946,800	103,200	3,050,000	3.5%	44,200	6,600	23,700	17,200	13,300	105,000	3,051,800	3.6%
Mott	14,526,400	416,300	14,942,700	2.9%	217,900	43,400	31,200	71,500	65,400	429,400	14,955,800	3.0%
Muskegon	8,256,700	155,200	8,411,900	1.9%	123,900	17,800	30,700	27,000	37,200	236,600	8,493,300	2.9%
North Central	2,886,500	76,600	2,963,100	2.7%	43,300	8,400	25,900	15,800	13,000	106,400	2,992,900	3.7%
Northwestern	8,430,300	112,100	8,542,400	1.3%	126,500	18,300	24,500	24,500	37,900	231,700	8,662,000	2.7%
Oakland	19,455,900	478,900	19,934,800	2.5%	291,800	94,600	36,700	98,500	87,600	609,200	20,065,100	3.1%
St. Clair	6,534,100	192,200	6,726,300	2.9%	98,000	17,300	14,700	33,200	29,400	192,600	6,726,700	2.9%
Schoolcraft	11,477,300	559,500	12,036,800	4.9%	172,200	45,000	21,100	84,900	51,600	374,800	11,852,100	3.3%
Southwestern	6,143,700	90,400	6,234,100	1.5%	92,200	10,900	5,800	16,400	27,600	152,900	6,296,600	2.5%
Washtenaw	11,827,300	990,900	12,818,200	8.4%	177,400	48,900	29,900	158,500	53,200	467,900	12,295,200	4.0%
Wayne County	15,425,900	277,400	15,703,300	1.8%	231,400	62,900	20,900	57,400	69,400	442,000	15,867,900	2.9%
West Shore	2,248,900	44,900	2,293,800	2.0%	33,700	4,800	2,000	8,800	10,200	59,500	2,308,400	2.6%
Subtotal Operations:	\$283,880,500	\$8,516,400	\$292,396,900	3.0%	\$4,258,200	\$851,600	\$638,700	\$1,490,400	\$1,277,500	\$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	---
Renaissance Zone Reimbursements	\$0	0	0	0.0%						100	100	---
Total Appropriations:	\$283,880,500	10,250,000	\$294,130,500	3.6%	\$4,258,200	\$851,600	\$638,700	\$1,490,400	\$1,277,500	10,250,100	294,130,600	3.6%
State School Aid Fund	195,880,500	1,733,600	197,614,100	0.9%	0	0	0	0	0	98,250,100	294,130,600	50.2%
GF/GP	\$88,000,000	\$8,516,400	\$96,516,400	9.7%	\$4,258,200	\$851,600	\$638,700	\$1,490,400	\$1,277,500	(\$88,000,000)	\$0	-100.0%

\* 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.

Table 2: Estimated Allocation for MPSERS  
Retiree Health Care Premium Increase

	FY 2010-11 MPSERS Payroll	FY 2010-11 Employer Contribution	\$1,733,600 Estimated Distribution
Community College			
Alpena	\$7,752,813.88	\$1,572,491.80	\$20,400
Bay de Noc	6,521,626.17	1,299,182.75	17,200
Delta	33,544,911.02	6,791,868.38	88,400
Glen Oaks	3,198,037.83	651,352.89	8,400
Gogebic	4,320,763.82	882,692.13	11,400
Grand Rapids	59,398,743.85	12,001,121.54	156,500
Henry Ford	48,459,618.88	9,683,074.98	127,700
Jackson	16,752,400.69	3,375,169.62	44,100
Kalamazoo Valley	24,979,997.97	4,909,841.62	65,800
Kellogg	13,264,612.42	2,699,863.56	34,900
Kirtland	8,220,766.60	1,671,221.08	21,700
Lake Michigan	11,280,044.50	2,295,441.34	29,700
Lansing	54,608,806.98	10,969,926.73	143,900
Macomb	56,884,190.38	11,579,619.58	149,900
Mid Michigan	11,194,474.14	2,241,585.05	29,500
Monroe	12,944,178.18	2,623,594.63	34,100
Montcalm	6,678,244.80	1,349,109.08	17,600
Mott	31,030,637.19	6,332,891.35	81,800
Muskegon	12,070,105.66	2,447,949.04	31,800
North Central	6,387,192.13	1,302,647.78	16,800
Northwestern	15,509,777.94	3,133,426.46	40,900
Oakland	67,442,153.00	13,680,344.45	177,600
St. Clair	13,452,151.24	2,720,964.42	35,400
Schoolcraft	37,082,425.60	7,588,019.81	97,700
Southwestern	5,074,347.64	1,023,301.82	13,400
Washtenaw	40,489,463.96	8,144,875.32	106,700
Wayne County	44,516,654.45	8,906,787.96	117,300
West Shore	4,920,159.96	998,208.28	13,000
TOTAL:	\$657,979,300.88	\$132,876,573.45	\$1,733,600