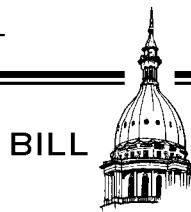




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BILL ANALYSIS

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FY 2012-13 Year-to-Date Gross Appropriation \$294,130,500

Changes from FY 2012-13 Year-to-Date:

Items Included by the Senate and House

- 1. **Performance Funding.** Governor included a \$5.8 million GF/GP (2.0%) increase for community college operations distributed through a modified version of the Performance Indicators Task Force Formula. Governor removed \$1,277,500 allocated to community colleges in FY 2012-13 based on local strategic value and reallocated those funds based on his proposed FY 2013-14 formula distribution. Governor replaced the local strategic value component of the formula with a new allocation based on the number of skilled trades program students placed in a relevant job or apprenticeship, with extra weighting for placing a student-veteran. Senate and House maintained FY 2012-13 base appropriations and distributed the FY 2013-14 \$5.8 million increase through the current Performance Indicators Task Force Formula. Table 1 provides details by college. 5,847,100

- 2. **Michigan Public School Employees Retirement System (MPERS) Rate Cap.** Governor, Senate, and House included \$31.4 million GF/GP to fund the difference between the employer's capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contribution rate pursuant to MPERS reform legislation. Conference also included an FY 2012-13 supplemental appropriation of \$12.5 million GF/GP to fund FY 2012-13 rate cap costs (See Sec. 201b). 31,400,000

- 3. **MPERS Retiree Health Care.** In FY 2012-13 the Governor recommended a \$1,733,600 appropriation from the School Aid Fund for the purpose of offsetting a portion of MPERS retirement contributions attributable to retiree health care costs. Distributions were to be based on the FY 2011-12 MPERS payroll. The FY 2012-13 enacted budget included the funding, but allocated funds to community colleges on an across-the-board basis. Governor, Senate, and House continue funding, but distribute the funds based on college MPERS payroll. Table 2 delineates the estimated allocation differences. 0

- 4. **Renaissance Zone Reimbursements.** Governor, Senate, and House included \$3.5 million GF/GP for Renaissance Zone tax reimbursements. This appropriation was included in the Department of Treasury budget in FY 2012-13 at the same level of funding. 3,500,000

Conference Agreement on Items of Difference

- 5. **FY 2013-14 One-Time Appropriations - Virtual Learning Collaborative.** Governor and the Senate included \$1.1 million GF/GP for the Virtual Learning Collaborative. The Collaborative provides access to courses offered by all Michigan public community colleges. In 2009 the Michigan Community College Association Board of Directors approved an affiliate membership for four-year institutions. To date, Lawrence Tech and Grand Valley State University have become members. The new State funding will be used for the development of course aggregator software, development of a "pathway to credential" tool that will identify courses toward a career path, develop analytics software that informs colleges of course demand for decision making of future offerings, and development of a repository of online courses and resources for use by faculty at member institutions. The House eliminated the appropriation. Conference concurred with Senate. 1,100,000

Total Changes \$41,847,100

FY 2013-14 Conference Report Ongoing/One-Time Gross Appropriation \$335,977,600

Amount Over/(Under) GF/GP Target: \$0

Changes from FY 2012-13 Year-to-Date:Items Included by the Senate and House

1. **MPSERS Reimbursements.** MPSERS Reimbursement shall be distributed based MPSERS payroll. (Sec. 201 (4))
2. **MPSERS Reform Costs.** Payment of the difference between the unfunded actuarial accrued liability contribution rate calculated pursuant to the MPSERS Act and the statutory maximum employer rate of 20.96%. (Sec. 201 (5))
3. **Renaissance Zone Reimbursements.** Provides for distribution pursuant to Public Act 376 of 1996. (Sec 201 (6))
4. **Collaborations with Four-Year Universities.** Governor, Senate, and House added the goal of developing equivalency standards of core college courses and identifying equivalent courses offered by institutions. (Sec. 210(4))
5. **Restored Provisions.** Senate and House restored the following sections that were deleted by the Governor: Buy American/buy Michigan intent language (Sec. 204); depressed and deprived communities compete for and perform college contracts (Sec. 205); encourages community colleges to achieve efficiencies through collaborations (Sec. 212); prohibition on use of appropriations for purchase or lease of foreign automobiles (Sec. 227); and prohibition on disciplinary action against an employee for communicating with a member of the Legislature. (Sec. 228)
6. **Core College Courses.** Governor and Senate deleted provision for committee to develop a process to improve transferability of core college courses between colleges and universities (Sec. 210(a)).

Conference Agreement on Items of Difference

7. **Anticipated Appropriations subsequent Fiscal Year.** Legislative intent 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, which will be determined after the January Revenue Estimating Conference. House changed January to May Revenue Estimating Conference. Senate and Conference retained current-year language. (Sec. 201a)
8. **Virtual Learning Collaborative.** Governor and Senate included language outlining the criteria for this one-time project. Requires report on use of funds upon request. (Sec. 201(7))
9. **Appropriation Limitations/JCOS Compliance.** Prohibits the use of appropriations in Part 1 for the construction or maintenance of a self-liquidating project. Provides that community colleges shall comply with current Joint Capital Outlay Subcommittee (JCOS) use and finance requirements. Provides for 1% penalty for each violation. Senate and Conference modified this language based on recent capital outlay reform legislation. (Sec. 208)
10. **Transparency.** Senate and Conference added reporting requirement for estimated costs incurred due to Affordable Health Care Act. House eliminated posting of board resolution regarding compliance with best practices, Senate and Conference restored. (Sec. 209)
11. **Block Transfer Committee.** Conference added legislative intent language that the Michigan Association of Collegiate Registrars and Admissions Officers implement any agreement or agreements among the community colleges and universities concerning the transferability of college courses resulting from the recommendations of the committee created under former Section 210a. Requires implementation update report. (Sec. 210b)
12. **Statutory Mandates.** House maintained this section. Governor, Senate, and Conference eliminated language stating legislative intent that interested parties review statutory mandates imposed on community colleges and determine whether those mandates are necessary and also review estimated costs and benefits. Provides for report. (Sec. 216)
13. **Veterans Tuition and Fees.** Senate added intent language to review the issue of in-district tuition and fee rates for veterans. House did not include. Conference concurred with Senate. (Sec. 229 (2))
14. **Skilled Trades Jobs Placement.** Senate included new language that required the Department of Technology, Management, and Budget (DTMB) to prepare a report by February 1, 2014, on the number of students that successfully completed a skilled trades program and obtained an apprenticeship or job in a field related to that skilled trades program. The report shall also indicate the number of these students that are veterans. Conference modified to requires DTMB to prepare a report by September 1, 2014, on the feasibility of providing accurate information on student educational outcomes in the employment market. (Sec. 229b)

Date Completed: 5-23-13

Fiscal Analyst: Bill Bowerman

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

Table 1: FY 2013-14 Community College Appropriation Bill

College	FY 2012-13 Enacted	FY 2013-14 Governor			FY 2013-14 Senate and Conference			FY 2013-14 House		
		Total Adjustments	FY 2013-14	Percent Change	Total Adjustments	Appropriation	Percent Change	Total Adjustments	Appropriation	Percent Change
Alpena	\$5,133,600	\$84,300	\$5,217,900	1.6%	\$102,900	\$5,236,500	2.0%	\$102,900	\$5,236,500	2.0%
Bay de Noc	5,184,000	74,600	5,258,600	1.4%	95,400	5,279,400	1.8%	95,400	5,279,400	1.8%
Delta	13,772,700	243,900	14,016,600	1.8%	290,800	14,063,500	2.1%	290,800	14,063,500	2.1%
Glen Oaks	2,393,500	38,900	2,432,400	1.6%	48,000	2,441,500	2.0%	47,700	2,441,200	2.0%
Gogebic	4,251,700	61,600	4,313,300	1.4%	78,600	4,330,300	1.8%	78,600	4,330,300	1.8%
Grand Rapids	17,129,200	259,300	17,388,500	1.5%	325,700	17,454,900	1.9%	325,700	17,454,900	1.9%
Henry Ford	20,687,400	287,600	20,975,000	1.4%	372,600	21,060,000	1.8%	372,600	21,060,000	1.8%
Jackson	11,542,000	170,900	11,712,900	1.5%	216,200	11,758,200	1.9%	216,200	11,758,200	1.9%
Kalamazoo Valley	11,880,200	200,000	12,080,200	1.7%	242,300	12,122,500	2.0%	242,400	12,122,600	2.0%
Kellogg	9,330,000	159,200	9,489,200	1.7%	192,000	9,522,000	2.1%	192,100	9,522,100	2.1%
Kirtland	2,981,200	67,100	3,048,300	2.3%	74,500	3,055,700	2.5%	74,500	3,055,700	2.5%
Lake Michigan	5,081,500	77,000	5,158,500	1.5%	96,600	5,178,100	1.9%	96,600	5,178,100	1.9%
Lansing	29,463,900	445,400	29,909,300	1.5%	559,700	30,023,600	1.9%	559,900	30,023,800	1.9%
Macomb	31,343,700	464,100	31,807,800	1.5%	587,400	31,931,100	1.9%	587,600	31,931,300	1.9%
Mid Michigan	4,412,600	93,100	4,505,700	2.1%	105,300	4,517,900	2.4%	105,300	4,517,900	2.4%
Monroe	4,241,900	89,000	4,330,900	2.1%	100,700	4,342,600	2.4%	100,700	4,342,600	2.4%
Montcalm	3,051,800	60,100	3,111,900	2.0%	69,400	3,121,200	2.3%	69,500	3,121,300	2.3%
Mott	14,955,800	235,000	15,190,800	1.6%	291,300	15,247,100	1.9%	291,300	15,247,100	1.9%
Muskegon	8,493,300	127,000	8,620,300	1.5%	160,200	8,653,500	1.9%	160,300	8,653,600	1.9%
North Central	2,992,900	63,200	3,056,100	2.1%	71,500	3,064,400	2.4%	71,500	3,064,400	2.4%
Northwestern	8,662,000	129,300	8,791,300	1.5%	163,300	8,825,300	1.9%	163,200	8,825,200	1.9%
Oakland	20,065,100	348,400	20,413,500	1.7%	418,000	20,483,100	2.1%	418,000	20,483,100	2.1%
St. Clair	6,726,700	108,500	6,835,200	1.6%	133,400	6,860,100	2.0%	133,400	6,860,100	2.0%
Schoolcraft	11,852,100	222,000	12,074,100	1.9%	260,200	12,112,300	2.2%	260,100	12,112,200	2.2%
Southwestern	6,296,600	80,600	6,377,200	1.3%	107,700	6,404,300	1.7%	107,700	6,404,300	1.7%
Washtenaw	12,295,200	286,500	12,581,700	2.3%	315,600	12,610,800	2.6%	315,600	12,610,800	2.6%
Wayne County	15,867,900	270,300	16,138,200	1.7%	326,400	16,194,300	2.1%	326,400	16,194,300	2.1%
West Shore	2,308,400	31,500	2,339,900	1.4%	41,400	2,349,800	1.8%	41,100	2,349,500	1.8%
Skilled Trades Formula Funding (15.0%)	\$0	1,068,700	1,068,700	---	0	0	0.0%	0	0	0.0%
Subtotal Operations:	\$292,396,900	\$5,847,100	\$298,244,000	2.0%	\$5,847,100	\$298,244,000	2.0%	\$5,847,100	\$298,244,000	2.0%
Virtual Learning Collaborative	\$0	1,100,000	1,100,000	---	1,100,000	1,100,000	---	0	0	0.0%
MPERS Retiree Health Care	\$1,733,600	0	1,733,600	0.0%	0	1,733,600	0.0%	0	1,733,600	0.0%
MPERS Reform Costs	\$0	31,400,000	31,400,000	---	31,400,000	31,400,000	---	31,400,000	31,400,000	---
Renaissance Zone Reimbursements	\$0	3,500,000	3,500,000	---	3,500,000	3,500,000	---	3,500,000	3,500,000	---
Total Appropriations:	\$294,130,500	\$41,847,100	\$335,977,600	14.2%	\$41,847,100	\$335,977,600	14.2%	40,747,300	\$334,877,800	13.9%
State School Aid Fund	197,614,100	0	\$197,614,100	0.0%	0	197,614,100	0.0%	0	197,614,100	0.0%
GF/GP	\$96,516,400	\$41,847,100	\$138,363,500	43.4%	\$41,847,100	\$138,363,500	43.4%	\$40,747,300	137,263,700	42.2%

* Senate and House amounts assume each college meets best practices requirements to qualify for Local Strategic Value distributions.

Table 2: Estimated Allocation for MPSERS Retiree Health Care Reimbursement
FY 2012-13 Distribution Compared to Governor's FY 2013-14 Recommendation

<u>Community College</u>	<u>FY 2012-13 Enacted</u>	<u>FY 2013-14 Governor's Rec.</u>	<u>Difference</u>
Alpena	\$30,400	\$21,000	(\$9,400)
Bay de Noc	30,800	16,700	(14,100)
Delta	81,400	89,100	7,700
Glen Oaks	14,200	8,900	(5,300)
Gogebic	25,300	11,500	(13,800)
Grand Rapids	101,700	152,700	51,000
Henry Ford	123,000	120,100	(2,900)
Jackson	68,500	43,000	(25,500)
Kalamazoo Valley	70,400	57,800	(12,600)
Kellogg	55,300	36,900	(18,400)
Kirtland	17,500	20,800	3,300
Lake Michigan	30,200	26,200	(4,000)
Lansing	175,000	144,700	(30,300)
Macomb	186,200	153,500	(32,700)
Mid Michigan	26,100	30,800	4,700
Monroe	25,000	33,900	8,900
Montcalm	18,000	17,700	(300)
Mott	88,700	83,300	(5,400)
Muskegon	50,400	32,700	(17,700)
North Central	17,600	16,000	(1,600)
Northwestern	51,500	41,900	(9,600)
Oakland	118,800	180,100	61,300
St. Clair	39,900	35,500	(4,400)
Schoolcraft	70,100	101,200	31,100
Southwestern	37,500	13,800	(23,700)
Washtenaw	72,200	106,500	34,300
Wayne County	94,200	124,400	30,200
West Shore	13,700	12,900	(800)
TOTAL:	\$1,733,600	\$1,733,600	\$0