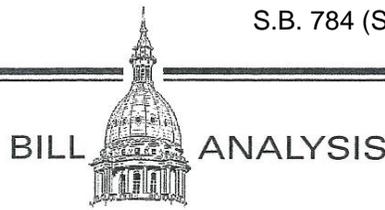




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Senate Bill 784 (S-1 as reported)  
Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SEN. FULL COMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	0.0
<b>GROSS</b> .....	<b>387,825,600</b>	<b>399,025,600</b>	<b>11,200,000</b>	<b>2.9</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS</b> .....	<b>387,825,600</b>	<b>399,025,600</b>	<b>11,200,000</b>	<b>2.9</b>
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING</b> .....	<b>387,825,600</b>	<b>399,025,600</b>	<b>11,200,000</b>	<b>2.9</b>
Less:				
Other State Restricted Funds.....	256,714,800	260,414,800	3,700,000	1.4
<b>GENERAL FUND/GENERAL PURPOSE</b> .....	<b>131,110,800</b>	<b>138,610,800</b>	<b>7,500,000</b>	<b>5.7</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>387,825,600</b>	<b>399,025,600</b>	<b>11,200,000</b>	<b>2.9</b>

**FY 2015-16 Year-to-Date Gross Appropriation ..... \$387,825,600**

**Changes from FY 2015-16 Year-to-Date:**

- 1. Performance Funding.** Governor included a \$7.5 million GF/GP (2.4%) increase for community college operations distributed through a modified version of the Performance Indicators Task Force Formula. Section 230a of Public Act 85 of 2015 created a Task Force to review, evaluate, discuss, and make recommendations regarding performance indicators established under the authority of Section 242 of Public Act 154 of 2005. The Task Force report was completed on January 15, 2016. Governor used the Task Force recommendations, but modified the performance metrics as shown in [Table 1](#). Senate maintained overall 2.4% increase but allocated funds based on 2016 Performance Indicator Review Task Force recommendations and did not include Governor's modifications to the formula.

[Tables 2](#) provides a comparison of current year, the Governor's recommendation, and the Senate. [Table 3](#) includes detail of Senate formula allocations by college.

7,500,000
- 2. Michigan Public School Employees Retirement System (MPERS) Rate Cap.** Governor and Senate included \$3.7 million School Aid Fund (SAF) to continue funding the difference between the employer's capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate. MPERS reform legislation requires the State to pay the difference between these amounts. The FY 2016-17 MPERS appropriation totals \$73.2 million.

3,700,000
- 3. Other Changes.** Governor and Senate shifted \$52.3 million SAF from college operations (\$50.7 million) and renaissance zone reimbursements (\$1.6 million) to the MPERS appropriation to effectively fund the entire MPERS appropriation from the SAF. The FY 2016-17 community college budget includes \$138.6 million State General Fund and \$260.4 SAF.

0
- 4. Comparison to Governor's Recommendation.** Senate is \$0 Gross and \$0 GF/GP over/under the Governor.

Total Changes ..... \$11,200,000

**FY 2016-17 Senate Appropriations Committee Gross Appropriation ..... \$399,025,600**

**Boilerplate Changes from FY 2015-16 Year-to-Date:**

1. **Transparency.** Requires each community college to make available through links on its website homepage its annual operating budget, links to the most recent activities classification structure report, current collective bargaining agreements, health care plans, audits and financial reports, projected general fund revenue and expenditures and debt service obligations, estimated costs incurred due to Affordable Health Care Act (ACA), opportunities for earning college credit through dual enrollment and compliance with best practices. Includes certain format requirements consistent with K-12 reporting. Provides that the State Budget Director determines compliance and allows for withholding of State aid payments for noncompliance. Governor eliminated estimated costs of ACA, and the State Budget Director's authority to determine compliance and withhold funds for failure to comply with transparency site requirements. Senate restored provisions eliminated by the Governor. (Sec. 209)
2. **Block Transfers (30 Credits).** States legislative intent that the Michigan Association of Collegiate Registrars and Admission Officers implement 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 (Block Transfers/30 Credits). Requires implementation update report by March 1, 2016. Governor replaced this section with language requiring the Michigan Community College Association and the Michigan Association of State Universities to submit a progress report on implementation by March 1, 2017 that specifically includes a summary of implementation issues faced by the institutions and strategies being considered to remedy those issues, and an update on progress made on outstanding issues identified in the March 1, 2016 report. Senate included the Governor's changes and added a separate reporting requirement regarding improvements to articulation and credit transfer policies among and between all sectors of postsecondary education pursuant to requirements included in former section 210c (Block Transfers/60 credits). (Sec. 210b)
3. **Block Transfer Study Committee (60 Credits).** Governor deleted the section that created a study committee to develop a process to improve the transferability and applicability of associate of arts and associate of science degrees as a block of credits between community colleges and public universities on a statewide basis. The committee was charged with exploring standards for program articulation between institutions so that an associate of arts or associate of science degree earned at a community college is considered the equivalent of the first 60 credits of a baccalaureate degree, and those credits can be seamlessly transferred and applied to the program of study at the receiving university. A report from the committee was required by March 1, 2016. Senate concurred with the Governor, but added a requirement for a report updating progress made on this issue (Item #2 above).
4. **Academic Program Partnerships.** Senate added language that requires Michigan Community College Association, the Michigan Association of State Universities, and the Michigan Independent Colleges and Universities, on behalf of their member colleges and universities, to submit a comprehensive report detailing the number of academic program partnerships between public community colleges, public universities, and private colleges and universities. (Sec. 210e)
5. **Performance Indicators Task Force.** Delineates formula originally based on 2006 recommendations of the Performance Indicators Task Force. Lists metrics and sets criteria for Local Strategic Value component of the formula and requires certification of compliance by each college through a board of trustees' resolution. Governor updated this language based on the recommendations contained in the January 15, 2016 report of the Performance Indicators Review Task Force, with certain modifications. See Table 1 for details. The Governor's distribution is as follows:
  - a. 30.0% Proportionate to Base
  - b. 30.0% Weighted Contact Hours
  - c. 20.0% Weighted Degrees
  - d. 10.0% Completion Improvement
  - e. 5.0% Administrative Costs
  - f. 5.0% Local Strategic Value

The Senate implemented Task Force recommendations without the Governor's modifications. Senate distribution is as follows:

- a. 30.0% Proportionate to Base
- b. 30.0% Weighted Contact Hours
- c. 30.0% Performance
  - 10.0% Completion Improvement
  - 10.0% Number of Completions
  - 10.0% Completion Rate
- d. 5.0% Administrative Costs
- e. 5.0% Local Strategic Value

- 6. **Restored Provisions.** Senate restored the following sections that were deleted by the Governor: Anticipated appropriations for subsequent fiscal year (Sec. 201a); prohibits use of appropriations for construction or maintenance of self-liquidating projects and requires compliance with Section 238 of the Management and Budget Act and Joint Capital Outlay Subcommittee use and finance requirements – includes penalty for noncompliance (Sec. 208); 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 or legislative staff (Sec. 228).
- 7. **Deleted Provisions.** Governor and Senate eliminated the Block Transfer Study Committee (Sec. 210c), and the Performance Indicators Review Task Force (Sec. 230a).
- 8. **Other Changes.** Governor and Senate modified several sections based on the Center for Educational Performance and Information (CEPI) assuming responsibility for the community college Activities Classification Structure (Secs. 203, 206, 217, 222, 225, and 226).

**Table 1**

<b>Performance Indicators Comparison</b>			
<b>Current Formula, Task Force Recommendation, and Governor's FY 2016-17 Recommendation</b>			
<b>Metric</b>	<b>Current Formula</b>	<b>Task Force Recommendation<sup>1)</sup></b>	<b>Governor's Recommendation</b>
System Sustainability/ Increase proportionate to base (across-the-board adjustment)	50.0%	30.0%	30.0%
Contact Hours	10.0% Contact hours not weighted.	30.0%. Weighted (contact hours in health and technology 2x).	30.0%. Weighted (contact hours in health and technology 2x).
Performance	17.5% Weighted Degree/Certification Completion.	30.0% as follows: <ul style="list-style-type: none"> <li>• 10.0% Completion Improvement;</li> <li>• 10.0% Number of Completions;</li> <li>• 10.0% Completion Rate.</li> </ul>	30.0% as follows: <ul style="list-style-type: none"> <li>• 20.0% Weighted Degree/Certification;</li> <li>• 10.0% Modified Completion Improvement.</li> </ul>
Administrative Costs	7.5%	5.0%	5.0%
Local Strategic Value	15.0%	5.0%	5.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Formula Methodology<sup>2)</sup></b>			
Proportionate to Base	65.0%	51.0%	35.0%
Metrics	35.0%	49.0%	65.0%
<sup>1)</sup> Performance Indicators Review Task Force Findings and Recommendations, January 15, 2016, pursuant to Section 230a of Public Act 85 of 2015. <sup>2)</sup> Across-the-board (proportionate to base) distributions for the current formula include: 50.0% System Sustainability and 15.0% Local Strategic Value. Across-the-board distributions for the MCCA proposal include 30.0% System Sustainability, 16.0% Hold Harmless (portion of performance funding), and 5.0% Local Strategic Value. Across-the-board distributions for Governor's recommendation include 30.0% System Sustainability and 5.0% Local Strategic Value.			

Date Completed: 4-15-16

Fiscal Analyst: Bill Bowerman

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

**Table 2: FY 2016-17 Community College Appropriation**

College	FY 2015-16 Year-To-Date	FY 2016-17 Governor's Recommendation			FY 2016-17 Senate		
		Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change
Alpena	\$5,464,400	\$162,700	\$5,627,100	3.0%	136,800	\$5,601,200	2.5%
Bay de Noc	5,490,200	100,900	5,591,100	1.8%	120,500	5,610,700	2.2%
Delta	14,704,000	348,400	15,052,400	2.4%	347,200	15,051,200	2.4%
Glen Oaks	2,551,100	45,600	2,596,700	1.8%	61,100	2,612,200	2.4%
Gogebic	4,509,900	117,000	4,626,900	2.6%	115,700	4,625,600	2.6%
Grand Rapids	18,187,300	444,400	18,631,700	2.4%	448,700	18,636,000	2.5%
Henry Ford	21,893,300	454,200	22,347,500	2.1%	481,900	22,375,200	2.2%
Jackson	12,245,300	259,100	12,504,400	2.1%	259,600	12,504,900	2.1%
Kalamazoo Valley	12,689,400	326,300	13,015,700	2.6%	314,500	13,003,900	2.5%
Kellogg	9,950,100	209,700	10,159,800	2.1%	234,200	10,184,300	2.4%
Kirtland	3,221,500	81,800	3,303,300	2.5%	82,600	3,304,100	2.6%
Lake Michigan	5,417,700	147,900	5,565,600	2.7%	127,900	5,545,600	2.4%
Lansing	31,288,200	627,100	31,915,300	2.0%	663,400	31,951,600	2.1%
Macomb	33,239,500	660,700	33,900,200	2.0%	754,100	33,993,600	2.3%
Mid Michigan	4,757,700	159,600	4,917,300	3.4%	130,100	4,887,800	2.7%
Monroe	4,565,600	113,500	4,679,100	2.5%	121,100	4,686,700	2.7%
Montcalm	3,280,600	123,400	3,404,000	3.8%	106,500	3,387,100	3.2%
Mott	15,901,700	376,700	16,278,400	2.4%	364,500	16,266,200	2.3%
Muskegon	9,020,700	248,000	9,268,700	2.7%	221,300	9,242,000	2.5%
North Central	3,224,800	120,300	3,345,100	3.7%	111,800	3,336,600	3.5%
Northwestern	9,200,500	209,500	9,410,000	2.3%	200,300	9,400,800	2.2%
Oakland	21,429,400	548,800	21,978,200	2.6%	582,200	22,011,600	2.7%
Schoolcraft	12,706,400	351,400	13,057,800	2.8%	345,900	13,052,300	2.7%
Southwestern	6,657,600	116,000	6,773,600	1.7%	127,600	6,785,200	1.9%
St. Clair	7,158,000	179,100	7,337,100	2.5%	172,600	7,330,600	2.4%
Washtenaw	13,301,100	423,600	13,724,700	3.2%	397,000	13,698,100	3.0%
Wayne County	16,989,800	463,000	17,452,800	2.7%	416,600	17,406,400	2.5%
West Shore	2,446,200	81,300	2,527,500	3.3%	54,300	2,500,500	2.2%
Subtotal Operations:	\$311,492,000	\$7,500,000	\$318,992,000	2.4%	\$7,500,000	\$318,992,000	2.4%
MPSERS Retiree Health Care	1,733,600	0	1,733,600	0.0%	0	1,733,600	0.0%
MPSERS Reform Costs	69,500,000	3,700,000	73,200,000	5.3%	3,700,000	73,200,000	5.3%
Renaissance Zone Reimbursements	5,100,000	0	5,100,000	0.0%	0	5,100,000	0.0%
Total Appropriations:	\$387,825,600	\$11,200,000	\$399,025,600	2.9%	\$11,200,000	\$399,025,600	2.9%
State School Aid Fund	256,714,800	3,700,000	260,414,800	1.4%	3,700,000	260,414,800	1.4%
GF/GP	\$131,110,800	\$7,500,000	\$138,610,800	5.7%	\$7,500,000	\$138,610,800	5.7%

**Table 3: FY 2016-17 Community College Appropriations - Senate**

College	FY 2015-16 Year-To-Date	FY 2016-17 Adjustments											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	Non-Formula Adjustments	Total Adjustments	Appropriation	
Alpena	\$5,464,400	39,471	40,859	8,285	10,526	19,457	11,626	6,578	136,800		136,800	\$5,601,200	2.5%
Bay de Noc	5,490,200	39,657	10,575	10,276	20,849	23,709	8,784	6,610	120,500		120,500	5,610,700	2.2%
Delta	14,704,000	106,211	28,428	50,912	28,323	99,123	16,516	17,702	347,200		347,200	15,051,200	2.4%
Glen Oaks	2,551,100	18,427	4,914	6,387	15,253	12,685	345	3,071	61,100		61,100	2,612,200	2.4%
Gogebic	4,509,900	32,576	25,600	5,505	22,340	14,816	9,470	5,429	115,700		115,700	4,625,600	2.6%
Grand Rapids	18,187,300	131,372	43,141	38,458	35,033	161,752	17,026	21,895	448,700		448,700	18,636,000	2.5%
Henry Ford	21,893,300	158,142	45,019	34,970	52,533	147,213	17,644	26,357	481,900		481,900	22,375,200	2.2%
Jackson	12,245,300	88,451	25,128	23,405	34,327	59,392	14,137	14,742	259,600		259,600	12,504,900	2.1%
Kalamazoo Valley	12,689,400	91,659	24,443	30,367	34,865	99,327	18,557	15,277	314,500		314,500	13,003,900	2.5%
Kellogg	9,950,100	71,873	19,166	21,881	29,130	62,467	17,724	11,979	234,200		234,200	10,184,300	2.4%
Kirtland	3,221,500	23,270	6,205	8,178	6,205	21,545	13,319	3,878	82,600		82,600	3,304,100	2.6%
Lake Michigan	5,417,700	39,134	10,745	9,648	10,436	41,425	10,022	6,522	127,900		127,900	5,545,600	2.4%
Lansing	31,288,200	226,004	60,268	70,094	70,366	180,928	18,089	37,667	663,400		663,400	31,951,600	2.1%
Macomb	33,239,500	240,099	64,026	73,682	74,060	243,723	18,418	40,016	754,100		754,100	33,993,600	2.3%
Mid Michigan	4,757,700	34,366	11,518	16,449	9,164	42,315	10,603	5,728	130,100		130,100	4,887,800	2.7%
Monroe	4,565,600	32,979	8,794	11,452	8,794	36,946	16,682	5,496	121,100		121,100	4,686,700	2.7%
Montcalm	3,280,600	23,697	22,958	7,436	17,090	18,424	12,974	3,949	106,500		106,500	3,387,100	3.2%
Mott	15,901,700	114,863	36,560	37,048	30,630	110,404	15,867	19,144	364,500		364,500	16,266,200	2.3%
Muskegon	9,020,700	65,159	46,753	13,129	17,376	49,691	18,374	10,860	221,300		221,300	9,242,000	2.5%
North Central	3,224,800	23,294	20,462	7,917	17,440	23,319	15,461	3,882	111,800		111,800	3,336,600	3.5%
Northwestern	9,200,500	66,458	22,574	17,245	17,722	50,510	14,666	11,076	200,300		200,300	9,400,800	2.2%
Oakland	21,429,400	154,791	41,278	59,818	41,278	247,181	12,009	25,798	582,200		582,200	22,011,600	2.7%
Schoolcraft	12,706,400	91,782	25,941	40,623	35,415	120,678	16,137	15,297	345,900		345,900	13,052,300	2.7%
Southwestern	6,657,600	48,090	12,824	8,946	12,824	30,616	6,330	8,015	127,600		127,600	6,785,200	1.9%
St. Clair	7,158,000	51,704	14,423	14,365	25,019	46,658	11,838	8,617	172,600		172,600	7,330,600	2.4%
Washtenaw	13,301,100	96,078	32,455	69,620	35,565	131,049	16,211	16,013	397,000		397,000	13,698,100	3.0%
Wayne County	16,989,800	122,722	37,529	49,455	32,726	140,652	13,091	20,454	416,600		416,600	17,406,400	2.5%
West Shore	2,446,200	17,670	7,416	4,450	4,712	13,996	3,083	2,945	54,300		54,300	2,500,500	2.2%
Subtotal Operations:	\$311,492,000	\$2,249,999	\$750,002	\$750,001	\$750,001	\$2,250,001	\$375,003	\$374,997	\$7,500,000	\$0	\$7,500,000	\$318,992,000	2.4%
MPSERS Retiree Health Care	1,733,600										0	1,733,600	0.0%
MPSERS Reform Costs	69,500,000									3,700,000	3,700,000	73,200,000	5.3%
Renaissance Zone Reimbursements	5,100,000										0	5,100,000	0.0%
Total Appropriations:	\$387,825,600	\$2,249,999	\$750,002			\$2,250,001	\$375,003	\$374,997	\$7,500,000	\$3,700,000	\$11,200,000	\$399,025,600	2.9%
State School Aid Fund	256,714,800									3,700,000	3,700,000	\$260,414,800	1.4%
GF/GP	\$131,110,800	\$2,249,999	\$750,002			\$2,250,001	\$375,003	\$374,997	\$7,500,000	\$0	\$7,500,000	\$138,610,800	5.7%

\* Allocation proportionate to FY 16 base.