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Senate Bill 784 (as introduced)  
Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 824.](#)

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	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 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](#).  
[Table 2](#) includes details of Governor's recommendation by college. 7,500,000
- 2. Michigan Public School Employees Retirement System (MPSERS) Rate Cap.** Governor 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. MPSERS reform legislation requires the State to pay the difference between these amounts. The FY 2016-17 MPSERS appropriation totals \$73.2 million 3,700,000
- 3. Other Changes.** Governor shifted \$52.3 million SAF from college operations (\$50.7 million) and renaissance zone reimbursements (\$1.6 million) to the MPSERS appropriation to effectively fund the entire MPSERS appropriation from the SAF. Governor's FY 2016-17 recommendation for the community college budget includes \$138.6 million State General Fund and \$260.4 SAF. 0

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

**FY 2016-17 Governor's Recommendation ..... \$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. (Sec. 209)
2. **Block Transfers.** States legislative intent that the Michigan Association of Collegiate Registrars and Admission 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 report. Governor replaced this section with language that the Michigan Community College Association and the Michigan Association of State Universities submit an implementation report by March 1, 2017 that specifically includes a summary of implementation issues faced by the institutions and strategies being considered to remedy those issues, as well as an update on progress made on outstanding issues identified in the March 1, 2016 report. (Sec. 210b)
3. **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. Governor's distribution is as follows:
  - a. 30.0% Proportionate to Base
  - b. 30.0% Weighted Contact Hours
  - c. Weighted Degrees 20.0%
  - d. Completion Improvement 10.0%
  - e. Administrative Costs 5.0%
  - f. Local Strategic Value 5.0%.
4. **Deleted Provisions.** Governor deleted: 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 if the Management and Budget Act and Joint Capital Outlay Subcommittee use and finance requirements -- includes penalty for noncompliance (Sec. 208); creates Block Transfer Study Committee (Sec. 210c); encourages community colleges to achieve efficiencies through collaborations (Sec. 212); prohibition on use of appropriations for purchase or lease of foreign automobiles (Sec. 227); prohibition on disciplinary action against an employee for communicating with a member of the Legislature or legislative staff (Sec. 228); and creates Performance Indicators Review Task Force (Sec. 230a).
5. **Other Changes.** Several sections were modified based on the Center for Educational Performance and Information (CEPI) assuming responsibility for the community college Activities Classification Structure (Sec. 203, 206, 217, 222, and 226).

Date Completed: 2-16-16

Fiscal Analyst: Bill Bowerman

**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%
<p><sup>1)</sup> Performance Indicators Review Task Force Findings and Recommendations, January 15, 2016, pursuant to Section 230a of Public Act 85 of 2015.</p> <p><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.</p>			

Table 2

FY 2016-17 COMMUNITY COLLEGE APPROPRIATIONS: GOVERNOR'S RECOMMENDATION										
College	FY 2015-16 Year-to Date Appropriation	30% Proportionate to Base	30% Weighted Student Contact Hrs.	20% Weighted Degrees/Cert.	10% Completion Improvement	5% Administrative Costs	5% Local Strategic Value	Total Adjustments	FY 2016-17 Appropriation	Percent Change
Alpena	\$5,464,400	\$39,471	\$19,457	\$21,853	\$63,741	\$11,626	\$6,578	\$162,700	\$5,627,100	3.0%
Bay de Noc	5,490,200	39,657	23,709	22,187	0	8,784	6,610	100,900	5,591,100	1.8
Delta	14,704,000	106,211	99,123	76,506	32,334	16,516	17,702	348,400	15,052,400	2.4
Glen Oaks	2,551,100	18,427	12,685	10,927	0	345	3,071	45,500	2,596,600	1.8
Gogebic	4,509,900	32,576	14,816	13,383	41,337	9,470	5,429	117,000	4,626,900	2.6
Grand Rapids	18,187,300	131,372	161,752	73,912	38,484	17,026	21,895	444,400	18,631,700	2.4
Henry Ford	21,893,300	158,142	147,213	70,788	34,054	17,644	26,357	454,200	22,347,500	2.1
Jackson	12,245,300	88,451	59,392	49,209	33,182	14,137	14,742	259,100	12,504,400	2.1
Kalamazoo Valley	12,689,400	91,659	99,327	69,215	32,254	18,557	15,277	326,300	13,015,700	2.6
Kellogg	9,950,100	71,873	62,467	45,613	0	17,724	11,979	209,700	10,159,800	2.1
Kirtland	3,221,500	23,270	21,545	19,829	0	13,319	3,878	81,800	3,303,300	2.5
Lake Michigan	5,417,700	39,134	41,425	18,336	32,458	10,022	6,522	147,900	5,565,600	2.7
Lansing	31,288,200	226,004	180,928	164,431	0	18,089	37,667	627,100	31,915,300	2.0
Macomb	33,239,500	240,099	243,723	118,484	0	18,418	40,016	660,700	33,900,200	2.0
Mid Michigan	4,757,700	34,366	42,315	32,741	33,820	10,603	5,728	159,600	4,917,300	3.4
Monroe	4,565,600	32,979	36,946	21,362	0	16,682	5,496	113,500	4,679,100	2.5
Montcalm	3,280,600	23,697	18,424	20,655	43,751	12,974	3,949	123,500	3,404,100	3.8
Mott	15,901,700	114,863	110,404	80,142	36,314	15,867	19,144	376,700	16,278,400	2.4
Muskegon	9,020,700	65,159	49,691	26,196	77,734	18,374	10,860	248,000	9,268,700	2.7
North Central	3,224,800	23,294	23,319	12,735	41,606	15,461	3,882	120,300	3,345,100	3.7
Northwestern	9,200,500	66,458	50,510	31,070	35,686	14,666	11,076	209,500	9,410,000	2.3
Oakland	21,429,400	154,791	247,181	108,992	0	12,009	25,798	548,800	21,978,200	2.6
Schoolcraft	12,706,400	91,782	120,678	74,423	33,120	16,137	15,297	351,400	13,057,800	2.8
Southwestern	6,657,600	48,090	30,616	22,934	0	6,330	8,015	116,000	6,773,600	1.7
St. Clair	7,158,000	51,704	46,658	27,710	32,616	11,838	8,617	179,100	7,337,100	2.5
Washtenaw	13,301,100	96,078	131,049	127,288	36,967	16,211	16,013	423,600	13,724,700	3.2
Wayne County	16,989,800	122,722	140,652	129,764	36,274	13,091	20,454	463,000	17,452,800	2.7
West Shore	2,446,200	17,670	13,996	9,315	34,271	3,083	2,945	81,300	2,527,500	3.3
<b>Subtotal Operations:</b>	<b>\$311,492,000</b>	<b>\$2,249,999</b>	<b>\$2,250,001</b>	<b>\$1,500,000</b>	<b>\$750,003</b>	<b>\$375,003</b>	<b>\$374,997</b>	<b>\$7,500,000</b>	<b>\$318,992,000</b>	<b>2.4%</b>
MPSERS Retiree Hlth Care	\$1,733,600							\$0	\$1,733,600	0.0%
MPSERS Reform Costs	69,500,000							3,700,000	73,200,000	5.3%
Renaissance Zone Reimbursements	5,100,000							0	5,100,000	0.0%
<b>Total Appropriations:</b>	<b>\$387,825,600</b>	<b>\$2,249,999</b>	<b>\$2,250,001</b>	<b>\$1,500,000</b>	<b>\$750,003</b>	<b>\$375,003</b>	<b>\$374,997</b>	<b>\$11,200,000</b>	<b>\$399,025,600</b>	<b>2.9%</b>
State School Aid Fund	256,714,800						0	3,700,000	\$260,414,800	1.4%
<b>GF/GP</b>	<b>\$131,110,800</b>	<b>\$2,249,999</b>	<b>\$2,250,001</b>	<b>\$1,500,000</b>	<b>\$750,003</b>	<b>\$375,003</b>	<b>\$374,997</b>	<b>\$7,500,000</b>	<b>\$138,610,800</b>	<b>5.7%</b>

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