

**Summary: for Fiscal Years 2011-12 and 2012-13  
Community Colleges  
House Bill 4268 (Substitute H-1, Draft 2)**



**Analyst: Mark Wolf**

	FY 2010-11	FY 2011-12	Difference: FY 2011-12		FY 2012-13	Difference: FY 2012-13	
	Year-to-Date		Vs. FY 2010-11	Vs. FY 2011-12		Vs. FY 2011-12	
	as of 2/17/11	House Subcommittee	Amount	%	House Subcommittee	Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	0.0	\$0	\$0	0.0
<b>Federal</b>	0	0	0	0.0	0	0	0.0
<b>Local</b>	0	0	0	0.0	0	0	0.0
<b>Private</b>	0	0	0	0.0	0	0	0.0
<b>Restricted</b>	0	195,880,500	195,880,500	N/A	195,880,500	0	0.0
<b>GF/GP</b>	295,880,500	56,116,300	(239,764,200)	(81.0)	56,116,300	0	0.0
<b>Gross</b>	<b>\$295,880,500</b>	<b>\$251,996,800</b>	<b>(\$43,883,700)</b>	<b>(14.8)</b>	<b>\$251,996,800</b>	<b>\$0</b>	<b>0.0</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. The Community Colleges budget is concurrently moving through the Senate as Senate Bill 171.

**Overview**

The Community Colleges budget supports the 28 community colleges located throughout the state. The colleges are governed by locally-elected board of trustees. The colleges offer a numerous educational programs aimed at traditional transfer students, career and technical education, developmental and remedial education, and continuing education courses. The colleges are funded through a combination of state aid, local property tax revenue, tuition and fees revenue, and other sources of revenue such as federal grants and investment earnings. State aid makes up about 19% of total community college general fund operating revenue, although the revenue mix varies considerably among the colleges.

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		House Changes		
		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
<b>1. Operations Grants</b>	<b>Gross</b>	<b>\$292,557,800</b>	<b>(\$40,561,000)</b>	<b>\$0</b>
The <b>House Subcommittee</b> reduces funding for community college operations by 15% (\$43.9 million). Funding for the At-Risk program (\$3.3 million) is re-calculated and rolled into the 28 operations lines. The <b>Executive</b> recommended that funding for community college operations remain unchanged. Each community college would receive the same amount for funding for operations (\$292.6 million) as it did in FY 2011. Operations funding has not changed since FY 2009.	Restricted	0	195,880,500	0
	GF/GP	\$292,557,800	(\$236,441,500)	\$0

The **House Subcommittee** continues using a traditional appropriations bill, but utilizes funding from the School Aid Fund (\$195.9 million) to offset General Fund support for the colleges. The **Executive** recommended that the community colleges budget be incorporated into the school aid act - renamed the State Education Funding Act - with the colleges now receiving the majority of their state aid funded through the School Aid Fund.

Neither the **House Subcommittee** nor the **Executive** recommended any changes for FY 13, compared to FY 12.

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>	FY 2010-11 YTD (as of 2/17/11)	House Changes		
		FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13	
<b>2. At Risk Student Success Program</b>	<b>Gross</b>	<b>\$3,322,700</b>	<b>(\$3,322,700)</b>	<b>\$0</b>
	GF/GP	\$3,322,700	(\$3,322,700)	\$0

The **House Subcommittee** eliminates the At Risk student success line item (developmental education services) and related boilerplate sections distributing funding to the colleges. The distribution of program funds are re-calculated based on newer ACS data (reported in February 2011) compared to the initial Executive calculations utilizing December 2010 data. The revised distribution is then rolled into the individual operations lines. Per boilerplate, the distribution of program funds is based on a base grant of \$40,000 to each college with the remaining balance distributed based on the share of student contact hours in developmental education programs compared to total student contact hours. (The **Senate Subcommittee** made the same adjustments as the House.)

The **Executive** recommended that funding for the At Risk program remain unchanged. This funding (\$3.3 million) has not changed since FY 2004. The Executive revised the distribution, per the boilerplate formula, based on data available as of December 2010.

**Major Boilerplate Changes From FY 2010-11**

**NOTES:** (1) No new boilerplate language is proposed for FY 2012-13. (2) Under the Executive Recommendation, boilerplate sections were renumbered as section of the School Aid Act; standard sections are consolidated to apply to all appropriations within the act.

**Sec. 201. Payments to Locals – REVISED**

Reports spending from state resources and payments to local units of government.

**Sec. 202. Management and Budget Act – RETAINED**

Subjects funds appropriated to the Management and Budget Act. The **Executive** deleted this section.

**Sec. 203. Internet Reporting – RETAINED**

Requires colleges and Department of Energy, Labor and Economic Growth (DELEG) to use the Internet to submit reports. The **Executive** deleted this section.

**Sec. 209. Foreign Goods and Services – RETAINED**

Prohibits the use of funds to purchase foreign goods or services if American products that are competitively priced and of similar quality are available; states preference for Michigan goods and services; states preference for goods and services provided by Michigan businesses owned and operated by veterans. The **Executive** deleted this section.

**Sec. 210. Deprived and Depressed Communities – RETAINED**

Encourages colleges to ensure businesses in economically distressed areas compete for and perform contracts. The **Executive** deleted this section.

**Sec. 211. Payment of Appropriations – REVISED**

Provides for 11 payments per year to community colleges; directs Department of Treasury to withhold appropriation if the colleges fail to submit Activities Classification Structure (ACS) data. The **Executive** and **House Subcommittee** deleted language allowing funds to be expended to match career and technical education programs under the federal Perkins Act. (Executive Section 173A)

**Sec. 216. Retirement Contributions – RETAINED**

Requires colleges to contribute to the Michigan Public School Employees' Retirement System. (Executive Section Sec. 173B)

**Sec. 217. Capital Outlay Funding – REVISED**

Prohibits colleges from using state funds for construction or maintenance of a self-liquidating project; requires colleges to comply with Joint Capital Outlay Subcommittee use and finance policy for any capital outlay projects. The **Executive** deleted language requiring the colleges to comply with the use and finance requirements of the Joint Capital Outlay Subcommittee. The **House Subcommittee** retains the requirement to comply with JCOS use and finance requirements, and adds a provision stating that failure to comply with those requires could result in future capital outlay projects not being considered by JCOS. (Executive Section 173C)

## **Major Boilerplate Changes From FY 2010-11**

### **Sec. 218. Transparency Website – NEW**

Requires the colleges to post general fund expenditures on its website. Expenditure information would be broken down by various program areas (academic units, administrative units, and other initiatives) and include information on employee salaries and benefits, facility and equipment costs, and fund transfers. The website would also have to include a listing of each employee funded by the college's general fund. Included in this listing would be the employee's name, position, and salary. The website would not include any information that would violate federal or state privacy or security standards.

### **Sec. 224. Collaboration with Universities/Block Transfer – REVISED**

The existing language encourages colleges to collaborate with four-year universities and local employers. The **Executive** deleted that language. The **House Subcommittee** adds new language establishes a 24-member committee made up of representatives from community colleges, universities, and legislators to develop a process to improve the transferability of core college courses between community colleges and universities, including development equivalency standards and identifying equivalent courses offered by the institutions.

### **Sec. 234. Equal Opportunities – RETAINED**

Encourages colleges to promote equal opportunities and foster a diverse student body and administration. The **Executive** deleted this section.

### **Sec. 241. Nursing Education Programs and Grants – DELETED**

General policy statement encouraging community colleges to expand nursing program offerings and enrollments. The **Executive** deleted this section.

### **Sec. 242. Payments in Lieu of Taxes – DELETED**

States legislative intent that discussion regarding payments in lieu of taxes concerning community colleges be continued. The **Executive** deleted this section.

### **Sec. 247. Community College Automobile Purchases – DELETED**

Requires community colleges to purchase automobiles made in the state of Michigan or elsewhere in the U.S, if competitively priced and of comparable quality. [A similar section requiring a preference for Michigan or American products remains.] The **Executive** deleted this section.

### **Sec. 249. Cost Containment Initiatives – RETAINED**

Encourages colleges to evaluate and pursue efficiency and cost-containment measures, including joint ventures, consolidating services, program collaboration, increasing web-based instruction, improving energy efficiency, eliminating low-volume/high-cost instructional programs, self-insurance, and group purchasing. The **Executive** deleted this section.

### **Sec. 251. Reverse Transfer – NEW**

Intent language directing the community colleges to work with public universities to increase the number of awards conferred by community college students who earn credits for course work taken at universities by providing for the "reverse transfer" of credits from the university to the community college.

### **Sec. 253. Remedial Education Assessment Cut Score – NEW**

Establishes a 12-member committee of community college representatives, K-12 education representatives, and lawmakers to develop a common set of "cut scores" to be utilized by the colleges to determine the place of recent high school graduates in remedial education courses at the colleges.

### **Sec. 255. Budget Information Report – NEW**

Requires the colleges to submit FY12 budget information to fiscal agencies and the state budget office, and includes intent language that that information also be placed on each college's website.

### **Sec. 257. Review of Statutory Mandates – NEW**

Intent language providing for the review of statutory mandates imposed on the colleges, including reviewing the costs and necessity of the mandates.

### **Sec. 301. Manual for Uniform Financial Reporting (MUFR) – RETAINED**

Requires that all data submitted by the colleges to determine state aid comply with MUFR published by DELEG. (Executive Section 174A)

### **Sec. 302. Prisoner Credit Hours – RETAINED**

*Excludes credit/contact hours for students incarcerated in Michigan correctional institutions from enrollment data submitted by colleges. (Executive Section 174B)*

### **Sec. 303. Funding Proration – NEW**

Subjects the SAF funds appropriated to a proration reduction, if the amount appropriated from the School Aid Fund in the community college budget, higher education budget, and school aid budget exceeds actual funds available. (Executive Section 195)

### **Sec. 304. Performance Indicator Formula – DELETED**

States intent that formula developed by performance indicator task force be used for funding distribution in future years. The **Executive** deleted this section.

## **Major Boilerplate Changes From FY 2010-11**

### **Sec. 401. At-Risk Student Success Program – DELETED**

Specifies distribution of at-risk student success grant money. The Executive revises the distribution of At-Risk payments based on updated student contact hour data. The **Executive** re-allocates the funding distribution based on newer data (as of December 2010). The **House Subcommittee** deletes this section and builds funding for the program into the operations grants. (Executive Section 175A).

### **Sec. 405. Recovery Act P-20 Data System – REVISED**

Provides that colleges shall comply with the provisions in the American Recovery and Reinvestment Act concerning the establishment of a statewide P-20 longitudinal data system. The **House Subcommittee** re-words this section. (Executive Sec. 175B)

### **Sec. 502. Performance Audits – RETAINED**

Provides for performance audits by the auditor general and responses to audits by colleges. (Sec. 176A)

### **Sec. 504. Record Retention – RETAINED**

Requires colleges to retain class summaries, class lists, registration documents, student transcripts, and other specified information for audit purposes. (Sec. 176B)

### **Sec. 505. Financial Statements – RETAINED**

Requires colleges to submit audited financial statements to various state agencies. (Sec. 176C)

### **Sec. 506. North American Indian Tuition Waiver – RETAINED**

Requires report on number of tuition waivers granted to North American Indian students at each college. (Sec. 176D)

### **Sec. 507. Aggregate Academic Status – RETAINED**

Requires that colleges, upon request, inform high schools of the aggregate academic status of their students. (Sec. 176E)

### **Sec. 508. Tuition Rate Reports – RETAINED**

Requires colleges to report tuition/fee rates and tuition/fee rates revisions to various state agencies. (Sec. 176F)

### **Sec. 509. Degrees Awarded by Colleges – RETAINED**

Requires colleges to report to DELEG the numbers and types of associate degrees and other certificates awarded by each college. (Sec. 176G)

### **Sec. 510. Crime Statistics – DELETED**

Requires colleges to make materials prepared in accordance with federal crime and campus security reporting requirements available through the Internet.

**FY 2011-2012 Community Colleges Appropriation**

**House Subcommittee Recommendation**

**House Bill 4268 (Substitute H-1, Draft 1)**

	<u>FY 2011 Year-to-Date</u>			<u>FY 2012 Executive</u>			<u>FY 2012 Senate Subcommittee</u>			<u>FY 2012 House Subcommittee</u>		
	Operations	At Risk	Total	Operations	At Risk	Total	Operations	At Risk	Total	Operations	At Risk	Total
Alpena	\$5,126,100	\$82,100	\$5,208,200	\$5,126,100	\$79,500	\$5,205,600	\$5,012,200	\$0	\$5,012,200	\$4,436,200	\$0	\$4,436,200
Bay de Noc	\$5,178,400	\$77,900	\$5,256,300	\$5,178,400	\$89,600	\$5,268,000	\$5,066,400	\$0	\$5,066,400	\$4,489,800	\$0	\$4,489,800
Delta	\$13,751,600	\$108,000	\$13,859,600	\$13,751,600	\$106,600	\$13,858,200	\$13,456,200	\$0	\$13,456,200	\$11,798,400	\$0	\$11,798,400
Glen Oaks	\$2,304,800	\$106,600	\$2,411,400	\$2,304,800	\$100,100	\$2,404,900	\$2,342,500	\$0	\$2,342,500	\$2,061,100	\$0	\$2,061,100
			\$0			\$0			\$0			\$0
Gogebic	\$4,275,200	\$54,900	\$4,330,100	\$4,275,200	\$55,300	\$4,330,500	\$4,160,700	\$0	\$4,160,700	\$3,688,600	\$0	\$3,688,600
Grand Rapids	\$17,219,800	\$135,500	\$17,355,300	\$17,219,800	\$136,000	\$17,355,800	\$16,765,200	\$0	\$16,765,200	\$14,776,500	\$0	\$14,776,500
Henry Ford	\$20,898,900	\$169,600	\$21,068,500	\$20,898,900	\$186,200	\$21,085,100	\$20,238,400	\$0	\$20,238,400	\$17,941,300	\$0	\$17,941,300
Jackson	\$11,542,300	\$146,800	\$11,689,100	\$11,542,300	\$162,100	\$11,704,400	\$11,292,400	\$0	\$11,292,400	\$9,970,800	\$0	\$9,970,800
			\$0			\$0			\$0			\$0
Kalamazoo	\$11,888,600	\$90,600	\$11,979,200	\$11,888,600	\$87,800	\$11,976,400	\$11,625,800	\$0	\$11,625,800	\$10,194,300	\$0	\$10,194,300
Kellogg	\$9,311,800	\$138,400	\$9,450,200	\$9,311,800	\$131,000	\$9,442,800	\$9,103,000	\$0	\$9,103,000	\$8,045,800	\$0	\$8,045,800
Kirtland	\$2,842,800	\$124,300	\$2,967,100	\$2,842,800	\$123,600	\$2,966,400	\$2,906,000	\$0	\$2,906,000	\$2,542,600	\$0	\$2,542,600
Lake Michigan	\$5,012,100	\$147,200	\$5,159,300	\$5,012,100	\$145,200	\$5,157,300	\$4,961,600	\$0	\$4,961,600	\$4,407,300	\$0	\$4,407,300
			\$0			\$0			\$0			\$0
Lansing	\$29,762,500	\$147,800	\$29,910,300	\$29,762,500	\$141,600	\$29,904,100	\$28,834,300	\$0	\$28,834,300	\$25,440,000	\$0	\$25,440,000
Macomb	\$31,773,900	\$83,100	\$31,857,000	\$31,773,900	\$79,500	\$31,853,400	\$30,666,400	\$0	\$30,666,400	\$27,089,000	\$0	\$27,089,000
Mid Michigan	\$4,289,200	\$126,100	\$4,415,300	\$4,289,200	\$128,500	\$4,417,700	\$4,316,100	\$0	\$4,316,100	\$3,769,500	\$0	\$3,769,500
Monroe	\$4,142,800	\$102,100	\$4,244,900	\$4,142,800	\$98,700	\$4,241,500	\$4,136,000	\$0	\$4,136,000	\$3,622,300	\$0	\$3,622,300
			\$0			\$0			\$0			\$0
Montcalm	\$2,981,600	\$73,200	\$3,054,800	\$2,981,600	\$66,100	\$3,047,700	\$2,980,600	\$0	\$2,980,600	\$2,601,100	\$0	\$2,601,100
Mott	\$15,016,400	\$127,700	\$15,144,100	\$15,016,400	\$138,700	\$15,155,100	\$14,617,900	\$0	\$14,617,900	\$12,906,700	\$0	\$12,906,700
Muskegon	\$8,518,600	\$87,600	\$8,606,200	\$8,518,600	\$96,100	\$8,614,700	\$8,308,700	\$0	\$8,308,700	\$7,337,400	\$0	\$7,337,400
North Central	\$2,893,600	\$103,800	\$2,997,400	\$2,893,600	\$104,000	\$2,997,600	\$2,913,600	\$0	\$2,913,600	\$2,560,100	\$0	\$2,560,100
			\$0			\$0			\$0			\$0
Northwestern	\$8,682,000	\$127,200	\$8,809,200	\$8,682,000	\$134,300	\$8,816,300	\$8,472,800	\$0	\$8,472,800	\$7,509,900	\$0	\$7,509,900
Oakland	\$20,133,700	\$147,900	\$20,281,600	\$20,133,700	\$141,900	\$20,275,600	\$19,595,200	\$0	\$19,595,200	\$17,258,900	\$0	\$17,258,900
St. Clair	\$6,729,800	\$104,500	\$6,834,300	\$6,729,800	\$88,800	\$6,818,600	\$6,572,800	\$0	\$6,572,800	\$5,811,500	\$0	\$5,811,500
Schoolcraft	\$11,767,000	\$124,300	\$11,891,300	\$11,767,000	\$121,500	\$11,888,500	\$11,607,500	\$0	\$11,607,500	\$10,120,000	\$0	\$10,120,000
			\$0			\$0			\$0			\$0
Southwestern	\$6,276,900	\$156,000	\$6,432,900	\$6,276,900	\$162,600	\$6,439,500	\$6,164,900	\$0	\$6,164,900	\$5,492,000	\$0	\$5,492,000
Washtenaw	\$12,149,000	\$117,500	\$12,266,500	\$12,149,000	\$109,700	\$12,258,700	\$11,955,300	\$0	\$11,955,300	\$10,436,100	\$0	\$10,436,100
Wayne County	\$15,889,900	\$166,600	\$16,056,500	\$15,889,900	\$172,500	\$16,062,400	\$15,541,000	\$0	\$15,541,000	\$13,684,600	\$0	\$13,684,600
West Shore	\$2,198,500	\$145,400	\$2,343,900	\$2,198,500	\$135,200	\$2,333,700	\$2,267,000	\$0	\$2,267,000	\$2,005,000	\$0	\$2,005,000
<b>Total</b>	<b>\$292,557,800</b>	<b>\$3,322,700</b>	<b>\$295,880,500</b>	<b>\$292,557,800</b>	<b>\$3,322,700</b>	<b>\$295,880,500</b>	<b>\$285,880,500</b>	<b>\$0</b>	<b>\$285,880,500</b>	<b>\$251,996,800</b>	<b>\$0</b>	<b>\$251,996,800</b>
<b>Funding Sources</b>												
School Aid Fund	\$0	\$0	\$0	\$195,880,500	\$0	\$195,880,500	\$195,880,500	\$0	\$195,880,500	\$195,880,500	\$0	\$195,880,500
General Fund/General Purpose	\$292,557,800	\$3,322,700	\$295,880,500	\$96,677,300	\$3,322,700	\$100,000,000	\$90,000,000	\$0	\$90,000,000	\$56,116,300	\$0	\$56,116,300
<b>Gross Appropriation</b>	<b>\$292,557,800</b>	<b>\$3,322,700</b>	<b>\$295,880,500</b>	<b>\$292,557,800</b>	<b>\$3,322,700</b>	<b>\$295,880,500</b>	<b>\$285,880,500</b>	<b>\$0</b>	<b>\$285,880,500</b>	<b>\$251,996,800</b>	<b>\$0</b>	<b>\$251,996,800</b>

**Note: Senate Subcommittee Recommendation is SB 171 (Substitute S-1, Draft 2)**