

**FY 2012-13: Community Colleges
Summary: Conference Report
Senate Bill 949 (CR-1*)**



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	FY 2011-12 YTD as of 2/9/12	FY 2012-13 Revised Executive	FY 2012-13 House	FY 2012-13 Senate	FY 2012-13 Conference	Difference: Conference From FY 2011-12 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0
Federal	0	0	0	0	0	0	0
Local	0	0	0	0	0	0	0
Private	0	0	0	0	0	0	0
Restricted	195,880,500	197,614,100	197,614,100	294,130,600	197,614,100	1,733,600	0.9
GF/GP	88,000,000	96,516,400	96,516,400	0	96,516,400	8,516,400	9.7
Gross	\$283,880,500	\$294,130,500	\$294,130,500	\$294,130,600	\$294,130,500	\$10,250,000	3.6
FTEs	0.0	0.0	0.0			0.0	0.0

Notes: (1) FY 2011-12 year-to-date (YTD) figures include mid-year budget adjustments through February 9, 2012, as well as adjustments for Other Post Employment Benefit prefunding under Senate Bill 683.
(2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and appropriations designated as one-time.

Overview

The Community Colleges budget supports the 28 community colleges located throughout the state. The colleges are governed by locally-elected boards of trustees. The colleges offer 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.

Major Budget Changes From FY 2011-12 YTD Appropriations

1. Operations Funding

Executive proposes an increase funding for community college operations of 3% (\$8.5 million GF/GP), with the funding increase distributed according to a performance funding formula. House retains operations funding at FY 2011-12 levels, but replaces some School Aid Fund revenue with GF/GP. Senate increases funding for community colleges by 3% using a modified version of the Performance Indicators funding formula (see boilerplate sec. 230). All GF/GP is replaced with School Aid Fund Revenue. Conference uses senate performance funding formula, but designates that all additional revenue be used for MPSERS payments. GF/GP is used in the same amount as the Executive recommendation.

	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 Conference Change
Gross	\$283,880,500	\$8,516,400
Restricted	195,880,500	0
GF/GP	\$88,000,000	\$8,516,400

2. MPSERS Retirement Contributions

Executive proposes distributing \$1.7 million from the School Aid Fund (SAF) to community colleges to offset a portion of retirement contributions owed by colleges for FY 2012-13, based on each college's proportion of the Michigan Public School Employee's Retirement System-covered payroll. House increases MPSERS contribution to \$10.2 million in School Aid Fund revenue at a rate of 3.6% of each community college's operations funding. Senate concurs with executive. Conference funds payments at \$1.7 million, in proportion to a community college's operations funding.

	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 Conference Change
Gross	N/A	\$1,733,600
Restricted	N/A	1,733,600

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>	<u>FY 2011-12 Year-to-Date (as of 2/9/12)</u>	<u>FY 2012-13 Conference Change</u>
<i>3. Renaissance Zone Reimbursements</i>	Gross	N/A
<u>Senate</u> adds \$100 placeholder for reimbursements to community colleges for property tax revenue lost due to renaissance zones. <u>House</u> does not include this placeholder, but appropriates \$4 million GF/GP as one time funding in the treasury budget for community college renaissance zone reimbursements. <u>Conference</u> does not include placeholder, but appropriates \$3.5 million as one time funding in the Treasury budget.	Restricted	N/A
		\$0
		0

Major Boilerplate Changes From FY 2011-12

Sec. 205. Deprived and Depressed Communities - RETAINED

Encourages colleges to ensure businesses in economically distressed areas compete for and perform contracts. Executive deletes, House concurs with deletion. Senate retains. Conference retains.

Sec. 206. Payment of Appropriations - REVISED

Provides for 11 payments per year to community colleges; directs Department of Treasury to withhold appropriations if colleges fail to submit Activities Classification Structure data. Executive adds authority to withhold appropriations if P-20 longitudinal data system data is not reported, and gives the state budget director the authority to determine if a community college is in compliance with the provisions of this section. House concurs with executive, with revised language. Senate concurs, with revised language, adds requirement that the state budget director notify the house and senate appropriations subcommittees before withholding funds. Conference uses Senate language.

Sec. 208. Capital Outlay Funding - RETAINED

Requires that funding appropriated in section 201 is not used to pay for the construction or maintenance of a self-liquidating project. Executive removes requirement that community colleges comply with requirements of the joint capital outlay subcommittee. House concurs. Senate and Conference retain current YTD language.

Sec. 209. Transparency Website - REVISED

Requires the colleges to post general fund expenditures on their websites. Executive deletes, House revises to require additional information to be posted on the web, including the number of faculty, number and range of employees at each position title, the number of students enrolled, and the number of students who received a degree in the most recently completed academic year. Senate revised by eliminating listing of names and salaries and added standard reporting on college websites with additional information required, and also includes penalty of withholding State aid payments for noncompliance. Conference used Senate language with revisions, removing some financial reporting requirements and requiring links to the Activity Classification Structure databook.

Sec. 210. Collaboration With Four-Year Universities, Local Employers, and Each Other - RETAINED

Encourages colleges to collaborate with four-year universities, particularly in areas of training, instruction, program articulation, and meeting local employment needs. Executive deletes, House concurs with deletion. Senate and Conference retain YTD language.

Sec. 210a. Block Transfer - REVISED

Establishes a 24-member committee made up of representatives from community colleges, universities, and the legislature to develop a process to improve the transferability of core college courses between community colleges and universities, including the development of equivalency standards and identifying equivalent courses offered by the institutions. Executive deletes, House retains section, reducing the number of representatives from community colleges and public universities from ten to five, and adds an additional report to be completed by September 1, 2013. Senate deletes. Conference uses House language.

Sec. 211. Equal Opportunities - DELETED

Encourages colleges to promote equal opportunities and foster a diverse student body and administration. Executive deletes. House retains current YTD language. Senate and Conference delete.

Sec. 213. Reverse Transfer Agreements - REVISED

Intent language directing the community colleges to work with public universities to increase the number of awards conferred to 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. Executive revises to eliminate deadline for agreements to be in place. House retains current YTD language, with an extension of the deadline to August 1, 2013. Senate and Conference use executive language.

Major Boilerplate Changes From FY 2011-12

Sec. 214. Remedial Education Assessment Cut Score - DELETED

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 placement of recent high school graduates in remedial education courses at the college. Executive deletes, House, Senate, and Conference concur with deletion.

Sec. 216. Review of Statutory Mandates - RETAINED

Intent language providing for the review of statutory mandates imposed on the colleges, including reviewing the costs and necessity of the mandates. Executive deletes. House retains current YTD language. Senate deletes. Conference retains current YTD language.

Sec. 219. 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. Executive retains with wording changes, House revises to require community colleges to submit P-20 data by June 30 of each year. Senate retains with wording changes. Conference uses House language.

Sec. 229a. State Building Authority Rent Payments - NEW

Executive adds language indicating the state share of costs for previously constructed capital outlay projects for community colleges. House, Senate, and Conference concur.

Sec 230. Performance Indicators Formula - REVISED

States intent that formula developed by performance indicator task force be used for funding distribution in future years. Executive deletes, House concurs with deletion. Senate revises to reflect the following distribution: 50% proportionate to base, 10% based on contact hour equated students, 7.5% based on administrative costs, 17.5% based on weighted degree completions, and 15% for local strategic value. "Local strategic value" is distributed proportionate to base funding, provided colleges meet a series of outlined requirements. Conference uses senate performance funding language, requires that all performance funding over FY 2011-12 appropriations be used for state employee retirement costs.

Performance Funding in FY 2012-13 Budget*

College	FY 2011-12 Current Funding	Performance Indicators Formula Components					\$1.7 million MPSERS payments	FY 2012-13 Increase	FY 2012-13 Total	FY 2012-13 Percent Change from FY 2011-12
		50% Distribution Proportionate to Base Funding	10.0% Student Contact Hour	7.5% Admin. Costs	17.5% Weighted Degrees	15.0% Strategic Value				
Alpena	\$4,984,300	\$74,800	\$7,000	\$18,100	\$27,000	\$22,400	\$30,400	\$179,700	\$5,164,000	3.61%
Bay de Noc	\$5,040,200	\$75,600	\$9,200	\$11,100	\$25,200	\$22,700	\$30,800	\$174,600	\$5,214,800	3.46%
Delta	\$13,336,200	\$200,000	\$38,900	\$31,800	\$105,800	\$60,000	\$81,400	\$517,900	\$13,854,100	3.88%
Glen Oaks	\$2,320,900	\$34,800	\$5,500	\$10,500	\$11,300	\$10,500	\$14,200	\$86,800	\$2,407,700	3.74%
Gogebic	\$4,140,500	\$62,100	\$4,600	\$10,500	\$15,400	\$18,600	\$25,300	\$136,500	\$4,277,000	3.30%
Grand Rapids	\$16,649,700	\$249,700	\$57,400	\$28,700	\$68,800	\$74,900	\$101,700	\$581,200	\$17,230,900	3.49%
Henry Ford	\$20,145,000	\$302,200	\$57,200	\$20,500	\$71,800	\$90,700	\$123,000	\$665,400	\$20,810,400	3.30%
Jackson	\$11,219,700	\$168,300	\$26,100	\$25,300	\$52,100	\$50,500	\$68,500	\$390,800	\$11,610,500	3.48%
Kalamazoo	\$11,522,700	\$172,800	\$38,100	\$32,200	\$62,500	\$51,900	\$70,400	\$427,900	\$11,950,600	3.71%
Kellogg	\$9,047,900	\$135,700	\$20,900	\$32,400	\$52,400	\$40,700	\$55,300	\$337,400	\$9,385,300	3.73%
Kirtland	\$2,872,900	\$43,100	\$7,100	\$20,700	\$24,500	\$12,900	\$17,500	\$125,800	\$2,998,700	4.38%
Lake Michigan	\$4,937,700	\$74,100	\$16,200	\$13,100	\$18,200	\$22,200	\$30,200	\$174,000	\$5,111,700	3.52%
Lansing	\$28,651,900	\$429,800	\$67,600	\$40,100	\$145,600	\$128,900	\$175,000	\$987,000	\$29,638,900	3.44%
Macomb	\$30,490,300	\$457,300	\$85,100	\$33,400	\$140,400	\$137,200	\$186,200	\$1,039,600	\$31,529,900	3.41%
Mid Michigan	\$4,266,800	\$64,000	\$17,500	\$11,900	\$33,200	\$19,200	\$26,100	\$171,900	\$4,438,700	4.03%
Monroe	\$4,094,000	\$61,400	\$14,300	\$31,300	\$22,500	\$18,400	\$25,000	\$172,900	\$4,266,900	4.22%
Montcalm	\$2,946,800	\$44,200	\$6,600	\$23,700	\$17,200	\$13,300	\$18,000	\$123,000	\$3,069,800	4.17%
Mott	\$14,526,400	\$217,900	\$43,400	\$31,200	\$71,500	\$65,400	\$88,700	\$518,100	\$15,044,500	3.57%
Muskegon	\$8,256,700	\$123,900	\$17,800	\$30,700	\$27,000	\$37,200	\$50,400	\$287,000	\$8,543,700	3.48%
North Central	\$2,886,500	\$43,300	\$8,400	\$25,900	\$15,800	\$13,000	\$17,600	\$124,000	\$3,010,500	4.30%
Northwestern	\$8,430,300	\$126,500	\$18,300	\$24,500	\$24,500	\$37,900	\$51,500	\$283,200	\$8,713,500	3.36%
Oakland	\$19,455,900	\$291,800	\$94,600	\$36,800	\$98,500	\$87,600	\$118,800	\$728,100	\$20,184,000	3.74%
St. Clair	\$6,534,100	\$98,000	\$17,300	\$14,700	\$33,200	\$29,400	\$39,900	\$232,500	\$6,766,600	3.56%
Schoolcraft	\$11,477,300	\$172,200	\$45,000	\$21,100	\$84,900	\$51,600	\$70,100	\$444,900	\$11,922,200	3.88%
Southwestern	\$6,143,700	\$92,200	\$10,900	\$5,800	\$16,400	\$27,600	\$37,500	\$190,400	\$6,334,100	3.10%
Washtenaw	\$11,827,300	\$177,400	\$48,900	\$29,900	\$158,500	\$53,200	\$72,200	\$540,100	\$12,367,400	4.57%
Wayne County	\$15,425,900	\$231,400	\$62,900	\$20,900	\$57,400	\$69,400	\$94,200	\$536,200	\$15,962,100	3.48%
West Shore	\$2,248,900	\$33,700	\$4,800	\$2,000	\$8,800	\$10,100	\$13,700	\$73,100	\$2,322,000	3.25%
Total	\$283,880,500	\$4,258,200	\$851,600	\$638,800	\$1,490,400	\$1,277,400	\$1,733,600	\$10,250,000	\$294,130,500	3.68%

*All appropriations over FY 2011-12 funding are designated solely for offsetting MPSERS retirement costs.