FY 2016-17: COMMUNITY COLLEGES Summary: As Passed by the Senate

Senate Bill 801 (S-1)



Analyst: Perry Zielak

	FY 2015-16 YTD	FY 2016-17	FY 2016-17	FY 2016-17	FY 2016-17	Difference: Sen From FY 2015-16	
	as of 2/10/16	Executive	House	Senate	Enacted	Amount	%
IDG/IDT	\$0	\$0	\$0	\$0		\$0	
Federal	0	0	0	0		0	
Local	0	0	0	0		0	
Private	0	0	0	0		0	
Restricted	256,714,800	260,414,800	260,414,800	260,414,800		3,700,000	1.4
GF/GP	131,110,800	138,610,800	141,701,500	138,610,800		7,500,000	5.7
Gross	\$387,825,600	\$399,025,600	\$402,116,300	\$399,025,600		\$11,200,00	2.9

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Community Colleges budget supports the 28 public community colleges located throughout the state. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associates' degrees, career and technical education, developmental and remedial education, continuing education, and, after 2012, baccalaureate programs in a limited number of areas. The colleges are supported primarily through a combination of state aid, local property tax revenue, and tuition and fees.

NOTE: Information on House budget action in this document is based on House Bill 5291 as passed by the House.

Major Budget Changes From FY 2015-16 YTD Appropriations	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Senate <u>Change</u>	
1. Community College Operations Grants Executive increases funding for community college operations grants by \$7.5 million GF/GP, to be distributed according to a revised performance funding formula. Shift of \$50.7 million from School Aid Fund (SAF) to GF/GP. Projected increases for individual community colleges range from 1.7% to 3.8%. Total funding would be \$318.9 million (\$133.5 million GF/GP). House increases operations grant funding by \$10.6 million (3.4%), to be	Gross Restricted GF/GP	\$311,492,000 236,181,200 \$75,310,800	\$7,500,000 (50,700,000) \$58,200,000
distributed under the revised performance funding formula created by the			

distributed under the revised performance funding formula created by the 2015 Performance Funding Task Force. Projected increases for individual colleges range from 2.7% to 4.9%. Total funding would be \$322.1 million: \$185.5 million School Aid Fund (SAF), \$136.6 million GF/GP.

<u>Senate</u> concurs with Executive increase of \$7.5 million GF/GP (2.4%), but distributes funding under the revised performance funding formula created by the 2015 Performance Funding Task Force. Projected increases for individual colleges range from 1.9% to 3.5%. Total funding would be \$318.9 million: \$185.5 million SAF, \$133.5 million GF/GP.

2. Michigan Public School Employees' Retirement System (MPSERS) Executive provides additional \$3.7 million SAF for the state's share of colleges' unfunded liability to MPSERS, bringing total funding to \$73.2 million SAF. There is a \$56 million increase of SAF, used to account for the \$3.7 million increase and an offset of a \$52.3 million GF/GP reduction. The state's share is the difference between the actuarial accrued liability to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement act (MCL 38.1341). House concurs. Senate concurs.

Gross	\$69,500,000	\$3,700,000
Restricted	17,200,000	56,000,000
GF/GP	\$52,300,000	(\$52,300,000)

Major Budget Changes From FY 2015-16 YTD Appropriations	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Senate <u>Change</u>	
3. Renaissance Zone Reimbursements Executive replaces \$1.6 million SAF reduction with \$1.6 million GF/GP	Gross Restricted	\$5,100,000 1,600,000	\$0 (1,600,000)
increase, resulting in entire \$5.1 million reimbursement program funded by GF/GP. <u>House</u> concurs. <u>Senate</u> concurs.	GF/GP	\$3,500,000	\$1,600,000

Major Boilerplate Changes From FY 2015-16

Sec. 206. Community Colleges Activities Classification Structure (ACS) Data - REVISED

<u>Executive</u> requires Michigan community colleges to report ACS data to the Center for Educational Performance and Information (CEPI). <u>House</u> concurs. <u>Senate</u> concurs.

Sec. 208. Self-Liquidating Projects - RETAINED

Prohibits colleges from using state funds for construction or maintenance of self-liquidating projects. Requires colleges to comply with Joint Capital Outlay Subcommittee (JCOS) use and finance policy for any capital outlay project. Subjects colleges that fail to comply with a penalty of 1% of the operations funding for each violation. <u>Executive</u> deletes. <u>House</u> retains. <u>Senate</u> retains.

Sec. 209. Community College Transparency - RETAINED

<u>Executive</u> deletes from college transparency reporting requirements a requirement to post the estimated cost resulting from the Affordable Care Act. Also deletes a provision authorizing state budget director to withhold payment from a college that failed to comply with the reporting requirements. <u>House</u> concurs. <u>Senate</u> retains current law.

Sec. 210b. Colleges and Universities Transfer Agreement - REVISED

<u>Executive</u> deletes legislative intent language and revises to require the Michigan Community College Association and the Michigan Association of State Universities issue a report on the implementation of the transfer agreement between community colleges and state universities. <u>House</u> revises language to require report on the implementation of the transfer agreement. <u>Senate</u> includes similar language to House but adds reporting requirements for the block transfer agreement found in Sec. 210c.

Sec. 210c. Block Transfer Study Committee - DELETED

Establishes study committee to develop a process to improve the transferability and applicability of associates' degrees as a block of credits between community colleges and public universities on a statewide basis. <u>Executive</u> deletes. <u>House</u> revises language to require the Michigan Community College Association and the Michigan Association of State Universities to issue a report on progress of implementing the study committee findings and recommendations. <u>Senate</u> deletes but moves reporting requirements to Sec. 210b.

Sec. 210e. Academic Program Partnerships - NEW

<u>Senate</u> adds language that requires the Michigan Community College Association, the Michigan Association of State Universities, and the Michigan Independent Colleges and Universities to submit a report detailing the number of academic program partnerships between community colleges, public universities, and private colleges and universities.

Sec. 212. Cost Containment Initiatives - REVISED

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. Executive deletes. House retains. Senate retains with minor wording changes.

Sec. 217. Activities Classification Structure (ACS) Data - REVISED

<u>Executive</u> changes responsibility of drafting the ACS report from the Workforce Development Agency to the Center for Educational Performance and Information (CEPI). <u>House</u> concurs. <u>Senate</u> concurs.

Sec. 223. North American Indian Tuition Waiver - RETAINED

Requires colleges to report to WDA on number and monetary value of Indian tuition waivers granted in previous fiscal year. <u>House</u> revises to require colleges to report to the Department of Civil Rights on number of applications received and approved, number and monetary value of waivers, number of waiver students who withdraw, and the number of waiver students who completed a degree or certificate program. <u>Senate</u> retains current language.

Sec. 227. Community College Automobile Purchases - RETAINED

Forbids lease or purchase of foreign-made vehicles if vehicles made in Michigan or elsewhere in the U.S. are competitively priced and of comparable quality. Executive deletes. House retains. Senate retains.

Sec. 228. Communication with the Legislature - RETAINED

Forbids a community college from taking disciplinary action against an employee for communicating with the legislature. <u>Executive</u> deletes. <u>House</u> retains. <u>Senate</u> retains.

Sec. 229a. State Building Authority (SBA) Rent Payments - REVISED

<u>Executive</u> updates itemized list of community college capital outlay projects on which the state will pay SBA rent in FY 2016-17. Funding for SBA rent is appropriated under the General Government budget. <u>House</u> concurs. <u>Senate</u> concurs.

Major Boilerplate Changes From FY 2015-16

Sec. 230. Performance Funding Formula - REVISED

<u>Executive</u> modifies the formula for distributing performance-based funding: reduces the across-the-board adjustment from 50% to 30%, increases the contact hours component from its current 10% unweighted to 30% weighted for health and technology/industrial fields, increases the performance based component from its current 17.5% based on weighted degree and certificate completions to 20%, adds 10% for completion improvement, reduces the local strategic value component from 15% to 5% and lowers the administrative costs component from 7.5% to 5%.

<u>House</u> modifies the formula according to the recommendations from the 2015 Performance Task Force: reduces the across-the-board adjustment from 50% to 30%, increases the contact hours component from its current 10% unweighted to 30% weighted for health and technology/industrial fields, adds 10% for completion performance improvement, adds 10% for performance completion number, adds 10% for performance completion rate, reduces the local strategic value component from 15% to 5% and lowers the administrative costs component from 7.5% to 5%.

<u>Senate</u> also modifies the formula according to the recommendations from the 2015 Performance Task Force, concurring with House with minor wording differences.

Sec. 230a. Performance Indicators Task Force- DELETED

Requires creation by October 15, 2015 of a task force to make recommendations on community college performance metrics with a report due January 15, 2016. <u>Executive</u> deletes. <u>House</u> concurs. <u>Senate</u> concurs.

FY 2016-17 Community College Performance Funding Increases

New Money: \$7,500,000 30% 10% 10% 10% 30% 5% 5% 100%

				Performance-	Performance-				Total		
			Performance-	Completion	Completion	Contact		Local Strategic	Performance	% Change	FY 2016-17
	FY 2015-16 Base	Sustainability	Improvement	Number	Rate	Hours	Administrative	Value	Funding	from FY16	Appropriation
Alpena	\$5,464,400	\$39,471	\$40,859	\$8,285	\$10,526	\$19,457	\$11,626	\$6,578	\$136,800	2.5%	\$5,601,200
Bay de Noc	\$5,490,200	\$39,657	\$10,575	\$10,276	\$20,849	\$23,709	\$8,784	\$6,610	\$120,500	2.2%	\$5,610,700
Delta	\$14,704,000	\$106,211	\$28,428	\$50,912	\$28,323	\$99,123	\$16,516	\$17,702	\$347,200	2.4%	\$15,051,200
Glen Oaks	\$2,551,100	\$18,427	\$4,914	\$6,387	\$15,253	\$12,685	\$345	\$3,071	\$61,100	2.4%	\$2,612,200
Gogebic	\$4,509,900	\$32,576	\$25,600	\$5,505	\$22,340	\$14,816	\$9,470	\$5,429	\$115,700	2.6%	\$4,625,600
Grand Rapids	\$18,187,300	\$131,372	\$43,141	\$38,458	\$35,033	\$161,752	\$17,026	\$21,895	\$448,700	2.5%	\$18,636,000
Henry Ford	\$21,893,300	\$158,142	\$45,019	\$34,970	\$52,533	\$147,213	\$17,644	\$26,357	\$481,900	2.2%	\$22,375,200
Jackson	\$12,245,300	\$88,451	\$25,128	\$23,405	\$34,327	\$59,392	\$14,137	\$14,742	\$259,600	2.1%	\$12,504,900
Kalamazoo Valley	\$12,689,400	\$91,659	\$24,443	\$30,367	\$34,865	\$99,327	\$18,557	\$15,277	\$314,500	2.5%	\$13,003,900
Kellogg	\$9,950,100	\$71,873	\$19,166	\$21,881	\$29,130	\$62,467	\$17,724	\$11,979	\$234,200	2.4%	\$10,184,300
Kirtland	\$3,221,500	\$23,270	\$6,205	\$8,178	\$6,205	\$21,545	\$13,319	\$3,878	\$82,600	2.6%	\$3,304,100
Lake Michigan	\$5,417,700	\$39,134	\$10,745	\$9,648	\$10,436	\$41,425	\$10,022	\$6,522	\$127,900	2.4%	\$5,545,600
Lansing	\$31,288,200	\$226,004	\$60,268	\$70,094	\$70,366	\$180,928	\$18,089	\$37,667	\$663,400	2.1%	\$31,951,600
Macomb	\$33,239,500	\$240,099	\$64,026	\$73,682	\$74,060	\$243,723	\$18,418	\$40,016	\$754,100	2.3%	\$33,993,600
Mid-Michigan	\$4,757,700	\$34,366	\$11,518	\$16,449	\$9,164	\$42,315	\$10,603	\$5,728	\$130,100	2.7%	\$4,887,800
Monroe County	\$4,565,600	\$32,979	\$8,794	\$11,452	\$8,794	\$36,946	\$16,682	\$5,496	\$121,100	2.7%	\$4,686,700
Montcalm	\$3,280,600	\$23,697	\$22,958	\$7,436	\$17,090	\$18,424	\$12,974	\$3,949	\$106,500	3.2%	\$3,387,100
Mott	\$15,901,700	\$114,863	\$36,560	\$37,048	\$30,630	\$110,404	\$15,867	\$19,144	\$364,500	2.3%	\$16,266,200
Muskegon	\$9,020,700	\$65,159	\$46,753	\$13,129	\$17,376	\$49,691	\$18,374	\$10,860	\$221,300	2.5%	\$9,242,000
North Central	\$3,224,800	\$23,294	\$20,462	\$7,917	\$17,440	\$23,319	\$15,461	\$3,882	\$111,800	3.5%	\$3,336,600
Northwestern	\$9,200,500	\$66,458	\$22,574	\$17,245	\$17,722	\$50,510	\$14,666	\$11,076	\$200,300	2.2%	\$9,400,800
Oakland	\$21,429,400	\$154,791	\$41,278	\$59,818	\$41,278	\$247,181	\$12,009	\$25,798	\$582,200	2.7%	\$22,011,600
Schoolcraft	\$12,706,400	\$91,782	\$25,941	\$40,623	\$35,415	\$120,678	\$16,137	\$15,297	\$345,900	2.7%	\$13,052,300
Southwestern	\$6,657,600	\$48,090	\$12,824	\$8,946	\$12,824	\$30,616	\$6,330	\$8,015	\$127,600	1.9%	\$6,785,200
St. Clair	\$7,158,000	\$51,704	\$14,423	\$14,365	\$25,019	\$46,658	\$11,838	\$8,617	\$172,600	2.4%	\$7,330,600
Washtenaw	\$13,301,100	\$96,078	\$32,455	\$69,620	\$35,565	\$131,049	\$16,211	\$16,013	\$397,000	3.0%	\$13,698,100
Wayne County	\$16,989,800	\$122,722	\$37,529	\$49,455	\$32,726	\$140,652	\$13,091	\$20,454	\$416,600	2.5%	\$17,406,400
West Shore	\$2,446,200	\$17,670	\$7,416	\$4,450	\$4,712	\$13,996	\$3,083	\$2,945	\$54,300	2.2%	\$2,500,500
	\$311,492,000	\$2,250,000	\$750,000	\$750,000	\$750,000	\$2,250,000	\$375,000	\$375,000	\$7,500,000	2.4%	\$318,992,000

Notes:

- 1. The performance improvement metric utilizes improvements in six-year average rates completions for each college from 2007 and 2008 cohorts. Completions metric includes certificates, degrees and transfers.
- 2. Calculations for performance completion number are based on data from IPEDS.
- 3. Calculations for performance completion rate are based on data provided to the Governor's dashboard on completion rates and utilizes six year completions for each college from 2007 and 2008 cohorts.
- 4. Calculations for weighted contact hours are based on data provided by the Workforce Development Agency from FY 2014.
- 5. Adjusted Administrative Cost data are preliminary data provided by the Workforce Development Agency.

FY 2016-17 Community College Operations Grants

		Executive			House			Senate			
	FY 2015-16 Year	Performance	Total		Performance	Total		Performance	Total		
College	to Date	Funding Increase	Appropriation	% Change		Appropriation	% Change		Appropriation	% Change	
Alpena	\$5,464,400	\$162,700	\$5,627,100	3.0%	\$193,200	\$5,657,600	3.5%	\$136,800	\$5,601,200	2.5%	
Bay de Noc	\$5,490,200	\$100,900	\$5,591,100	1.8%	\$170,100	\$5,660,300	3.1%	\$120,500	\$5,610,700	2.2%	
Delta	\$14,704,000	\$348,400	\$15,052,400	2.4%	\$490,300	\$15,194,300	3.3%	\$347,200	\$15,051,200	2.4%	
Glen Oaks	\$2,551,100	\$45,600	\$2,596,700	1.8%	\$86,300	\$2,637,400	3.4%	\$61,100	\$2,612,200	2.4%	
Gogebic	\$4,509,900	\$117,000	\$4,626,900	2.6%	\$163,400	\$4,673,300	3.6%	\$115,700	\$4,625,600	2.6%	
Grand Rapids	\$18,187,300	\$444,400	\$18,631,700	2.4%	\$633,600	\$18,820,900	3.5%	\$448,700	\$18,636,000	2.5%	
Henry Ford	\$21,893,300	\$454,200	\$22,347,500	2.1%	\$680,500	\$22,573,800	3.1%	\$481,900	\$22,375,200	2.2%	
Jackson	\$12,245,300	\$259,100	\$12,504,400	2.1%	\$366,500	\$12,611,800	3.0%	\$259,600	\$12,504,900	2.1%	
Kalamazoo Valley	\$12,689,400	\$326,300	\$13,015,700	2.6%	\$444,100	\$13,133,500	3.5%	\$314,500	\$13,003,900	2.5%	
Kellogg	\$9,950,100	\$209,700	\$10,159,800	2.1%	\$330,700	\$10,280,800	3.3%	\$234,200	\$10,184,300	2.4%	
Kirtland	\$3,221,500	\$81,800	\$3,303,300	2.5%	\$116,600	\$3,338,100	3.6%	\$82,600	\$3,304,100	2.6%	
Lake Michigan	\$5,417,700	\$147,900	\$5,565,600	2.7%	\$180,600	\$5,598,300	3.3%	\$127,900	\$5,545,600	2.4%	
Lansing	\$31,288,200	\$627,100	\$31,915,300	2.0%	\$936,800	\$32,225,000	3.0%	\$663,400	\$31,951,600	2.1%	
Macomb	\$33,239,500	\$660,700	\$33,900,200	2.0%	\$1,064,800	\$34,304,300	3.2%	\$754,100	\$33,993,600	2.3%	
Mid-Michigan	\$4,757,700	\$159,600	\$4,917,300	3.4%	\$183,800	\$4,941,500	3.9%	\$130,100	\$4,887,800	2.7%	
Monroe County	\$4,565,600	\$113,500	\$4,679,100	2.5%	\$171,100	\$4,736,700	3.7%	\$121,100	\$4,686,700	2.7%	
Montcalm	\$3,280,600	\$123,400	\$3,404,000	3.8%	\$150,400	\$3,431,000	4.6%	\$106,500	\$3,387,100	3.2%	
Mott	\$15,901,700	\$376,700	\$16,278,400	2.4%	\$514,700	\$16,416,400	3.2%	\$364,500	\$16,266,200	2.3%	
Muskegon	\$9,020,700	\$248,000	\$9,268,700	2.7%	\$312,600	\$9,333,300	3.5%	\$221,300	\$9,242,000	2.5%	
North Central	\$3,224,800	\$120,300	\$3,345,100	3.7%	\$157,800	\$3,382,600	4.9%	\$111,800	\$3,336,600	3.5%	
Northwestern	\$9,200,500	\$209,500	\$9,410,000	2.3%	\$282,800	\$9,483,300	3.1%	\$200,300	\$9,400,800	2.2%	
Oakland	\$21,429,400	\$548,800	\$21,978,200	2.6%	\$822,100	\$22,251,500	3.8%	\$582,200	\$22,011,600	2.7%	
Schoolcraft	\$12,706,400	\$351,400	\$13,057,800	2.8%	\$488,400	\$13,194,800	3.8%	\$345,900	\$13,052,300	2.7%	
Southwestern	\$6,657,600	\$116,000	\$6,773,600	1.7%	\$180,200	\$6,837,800	2.7%	\$127,600	\$6,785,200	1.9%	
St. Clair	\$7,158,000	\$179,100	\$7,337,100	2.5%	\$243,800	\$7,401,800	3.4%	\$172,600	\$7,330,600	2.4%	
Washtenaw	\$13,301,100	\$423,600	\$13,724,700	3.2%	\$560,600	\$13,861,700	4.2%	\$397,000	\$13,698,100	3.0%	
Wayne County	\$16,989,800	\$463,000	\$17,452,800	2.7%	\$588,300	\$17,578,100	3.5%	\$416,600	\$17,406,400	2.5%	
West Shore	\$2,446,200	\$81,300	\$2,527,500	3.3%	\$76,600	\$2,522,800	3.1%	\$54,300	\$2,500,500	2.2%	
Total	\$311,492,000	\$7,500,000	\$318,992,000	2.4%	\$10,590,700	\$322,082,700	3.4%	\$7,500,000	\$318,992,000	2.4%	

FY 2016-17 COMMUNITY COLLEGES BUDGET: APPROPRIATIONS

		EXECUTIVE				HOUSE		SENATE			
FY 2016 YTD as of 2/10/16		Appropriation	Change from C Year Dollars	urrent %	Appropriation	Change from Executive Dollars %	Change from Current Year Dollars %	Appropriation	Change from Executive Dollars %	Change from Current Year Dollars %	
Operations Gi Gross Restricted GF/GP	rants 311,492,000 236,181,200 75,310,800	318,992,000 185,481,200 133,510,800	7,500,000 (50,700,000) 58,200,000	2.4%	322,082,700 185,481,200 136,601,500	3,090,700 1.0% 0 3,090,700	10,590,700 3.4% (50,700,000) 61,290,700	318,992,000 185,481,200 133,510,800	0 0.0% 0 0	7,500,000 2.4% (50,700,000) 58,200,000	
MPSERS State Gross Restricted GF/GP	e Share 69,500,000 17,200,000 52,300,000	73,200,000 73,200,000 0	3,700,000 56,000,000 (52,300,000)	5.3%	73,200,000 73,200,000 0	0 0.0% 0 0	3,700,000 5.3% 56,000,000 (52,300,000)	73,200,000 73,200,000 0	0 0.0% 0 0	3,700,000 5.3% 56,000,000 (52,300,000)	
MPSERS Offs Gross Restricted GF/GP	1,733,600 1,733,600 0	1,733,600 1,733,600 0	0 0 0	0.0%	1,733,600 1,733,600 0	0 0.0% 0 0	0 0.0% 0 0	1,733,600 1,733,600 0	0 0.0% 0 0	0 0.0% 0 0	
Renaissance a Gross Restricted GF/GP	Zone Reimburse 5,100,000 1,600,000 3,500,000	5,100,000 0 5,100,000	0 (1,600,000) 1,600,000	0.0%	5,100,000 0 5,100,000	0 0.0% 0 0	0 0.0% (1,600,000) 1,600,000	5,100,000 0 5,100,000	0 0.0% 0 0	0 0.0% (1,600,000) 1,600,000	
TOTAL BUDG Gross Federal Restricted GF/GP	387,825,600 0 256,714,800 131,110,800	399,025,600 0 260,414,800 138,610,800	11,200,000 0 3,700,000 7,500,000	2.9% 1.4% 5.7%	402,116,300 0 260,414,800 141,701,500	3,090,700 0.8% 0 - 0 0.0% 3,090,700 2.2%	0 3,700,000 1.4 %	399,025,600 0 260,414,800 138,610,800	0 0.0% 0 0 0.0% 0 0.0%	0	