

Legislative Analysis



COMMUNITY COLLEGE DISTRICT REORGANIZATION

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5400 as introduced

Sponsor: Rep. Lorence Wenke

Committee: Higher Education and Career Preparation

First Analysis (3-14-06)

BRIEF SUMMARY: The bill would provide procedures to reorganize community college districts, expanding the geographic area they served.

FISCAL IMPACT: This bill has no fiscal impact on the State of Michigan or local governmental units, except community college districts. If there is a special election for the reorganization proposal, local governments would be reimbursed for the incremental costs of the election by the community college district. The fiscal impact on community college districts is indeterminate since it is unknown how many districts might successfully reorganize under the provisions of this bill.

House Bill 5400 would facilitate the expansion of present community college districts to include new geographical areas that are not currently part of a district. The district may levy property taxes on the new geographical area. As introduced, the bill would provide increased property tax revenue to the reorganized district from the millage being levied upon the expanded area. If the reorganization proposition proposes a lower millage rate than the one presently levied, this revenue increase may be offset by an indeterminate amount.

THE APPARENT PROBLEM:

Article VIII Section 7 of the Michigan Constitution of 1963 requires the legislature to "provide by law for the establishment and financial support of public community and junior colleges which shall be supervised and controlled by locally elected boards." In response to this constitutional requirement, the legislature consolidated and revised the laws relating to community colleges in Act 331 of 1966.

Today, there are 28 community colleges in Michigan, the first opening in 1914 (Grand Rapids Community College), and the most recent in 1968 (Wayne County Community College). See Background Information below. Although community colleges were created over a half century, the modern history of the community college began in 1951, and fully 20 of the community colleges in Michigan (or 70 percent) were organized between 1951 and the late 1960's.

Each community college serves students in a particular geographic region or district of the state. Generally, a community college district's boundaries correspond to those of an intermediate school district or a K-12 school district, or the district follows the borders of

county lines. Together the districts combine to serve about 80 percent of the population, although fully 50 percent of the state's land area is outside the districts.

In some states, colleges have been located statewide in such a way to ensure that students in every region of the state are served by a community college after high school—North Carolina, for example. In others states, the legislature has required that every school district or intermediate school district affiliate with a community college—Illinois, for example. Mandatory affiliation is an approach that has been avoided here in Michigan because of the anticipated Headlee amendment implications. As a result, many of the 524 school districts in Michigan are not located within a community college district, encompassing 20 percent of the population.

The students living inside the college districts who enroll in their local community college pay a lower tuition rate than those living outside the district boundaries. That is because the locally elected trustees of the community colleges are authorized to set a tax rate to be levied on the value of property within a community college district, a rate established in mills. If the voters approve the rate (which can be no higher than 5 mills), the tax revenue that is collected helps fund the operation of the local community college.

Legislation has been introduced in order to encourage community college officials to expand their district boundaries, enabling them to better serve all high school graduates of the state.

THE CONTENT OF THE BILL:

House Bill 5400 would amend the Community College Act to provide procedures to reorganize community college districts, expanding the geographic area they served.

Currently under the law, each of Michigan's 28 community colleges is established to serve students in a particular geographic region or district of the state.

The elected trustees of the colleges set a tax rate to be levied on the value of property within that district (a rate established in mills), and if the voters approve the rate (which can be no higher than 5 mills), the tax revenue that is collected helps fund the operation of the local community college.

Conditions for reorganization

House Bill 5400 would require a community college district to reorganize before January 1, 2011, if all of the following conditions were met:

- The reorganization would result in the expansion of the existing boundaries of the community college district.
- A petition was submitted to the board of trustees requesting the reorganization, that petition having been signed by a number of registered voters at least equal to the number of signatures required to nominate a candidate for the board of trustees.

- The board of trustees adopted a resolution to establish a reorganized district.
- The board of trustees submitted the resolution to the state board of education and obtained the approval of the state board.
- The reorganization was approved by a majority of the voters residing in the proposed district.

Resolution

The resolution adopted by the board of trustees would have to identify 1) the boundaries of the proposed district, 2) any bonded indebtedness for which taxes are levied that would be assumed by the proposed district, 3) the proposed maximum annual tax rate, and 4) the way the reorganized district would ensure access to college services throughout the geographic area of the proposed district.

Boundaries

The boundaries of a proposed district could not include any territory that is now included in another existing community college district. The boundaries would be required to include the existing district and any area contiguous to it, or a county that was not contiguous but contained a federal military installation at which classes had been offered for at least 20 years. Further, if practical, the boundaries of the proposed district would have to conform to county, school district, or intermediate school district boundaries.

Elections

If the State Board of Education approved of the reorganization, the board of trustees of that district would have to notify the filing officials of the local units of government in which a portion of the proposed district was located, and each would have to include the proposition on the ballot at either 1) the next general state election (if filed at least 77 days but not more than 6 months before the election), or if filed more than 6 months before a general election, then at a special election which would be the next regular election day that was not less than 77 days after the approval was filed. If this option were used, the community college district would have to pay the incremental cost of the special election.

Ballot question

House Bill 5400 specifies the question that would be presented to voters on the ballot, as follows:

Shall the _____community college district, comprised of _____[school district or districts/county or counties/intermediate school district or districts] as of _____[date], be reorganized as a community college district subject to the provisions of chapter 6 of part 1 of 1966 PA 331 to be comprised of all or a portion of _____[county or counties/school district or districts/intermediate school district or district], and shall the maximum annual tax rate for the reorganized community college district be _____mills (\$_____ per

\$1,000.00 of state equalized valuation) for the year _____ and thereafter, to be used for all purposes authorized by law?

Board of trustees; terms of office; tax levies

Under the bill, a reorganized community college district would be governed by a seven-member board of trustees, elected at-large and on a non-partisan basis. The board of trustees that served before reorganization would be required to serve the remainder of their terms. At the expiration of a member's term, the member's successor would be elected for a term of six years. Terms of office would start and end on the same date as did the previous terms, unless otherwise specified in the resolution. If authorized by the resolution, the election held to approve the reorganization of the district could include the election of the first board of trustees. Of the members elected, three would be elected for six-year terms; two for four-year terms; and two for two-year terms. Thereafter, the members' successors would serve six-year terms.

The bill specifies that the board of trustees could levy ad valorem property taxes at a rate authorized by resolution and approved by the voters. In addition, the board could levy mills allocated in accord with the Property Tax Limitation Act. Together, the levy could not exceed five mills.

Prior bonded indebtedness

House Bill 5400 specifies that all indebtedness of the community college district before reorganization, except voted bonded indebtedness for which taxes are levied, would be assumed by the reorganized community college district. The identity of the former district (before reorganization) would remain as a separate assessing unit, until that indebtedness had been retired. However, the board of trustees and officers of the reorganized district would constitute the board and officers as they existed before reorganization. The debt retirement funds that were not assumed could not be commingled with the debt retirement funds of the reorganized district. The board of trustees of the reorganized district would be required to perform all duties required by law and the original terms of issue and sale, related to the voted bonded indebtedness.

Authority of successor district

The reorganized district would be considered the successor district to the district that adopted the resolution. Any state appropriation to the community college before reorganization would be distributed to its successor.

All assets, property, rights, obligations, collective bargaining agreements, and duties of a community college district that adopted a resolution to reorganize would be those of the reorganized district upon approval of the resolution by the voters.

Rights of employees

All employees of a community college district that adopted a resolution to reorganize would become employees of the successor district and remain in their same positions. The employees would retain any annual leave, sick leave, seniority, longevity, or other benefit accumulated before reorganization. However, this subsection would not limit the

right of a district to terminate, discipline, or take any other action related to an employee consistent with law and any applicable collective bargaining agreement. Further, a college bargaining representative of a group of employees before reorganization would continue to be the representative after they became employees of the successor district. However, this subsection would not limit the right of employees to assert that a collective bargaining representative was no longer their representative.

Annexation

House Bill 5400 specifies that with approval of the State Board of Education, the board of trustees of a reorganized community college district could annex, by resolution, a contiguous county, contiguous intermediate school district, contiguous school district, the remaining portion of a contiguous county, ISD, or school district that had territory within the reorganized district; or a county that was not contiguous but contained a federal military installation at which classes had been offered for at least 20 years. However, if any portion of an area to be annexed lay within another community college district, that part of the territory could not become part of the district, and voters residing there would not be eligible to vote on the annexation proposal.

Finally, the bill would eliminate outdated provisions of the act concerning the summer collection of property taxes that expired in 1992.

BACKGROUND INFORMATION:

<i>College</i>	<i>Location</i>	<i>Current District</i>	<i>Organized</i>	<i>Date Organized</i>
Grand Rapids CC	Grand Rapids	ISD		1914
Mott Community CC	Flint	ISD		1923
St. Clair County CC	Port Huron	ISD		1923
Muskegon CC	Muskegon	County		1926
Jackson CC	Jackson	County		1928
Gogebic CC	Ironwood	County		1932
Henry Ford	Dearborn	K-14		1938
Lake Michigan	Benton Harbor	County		1946
Northwestern Mich	Traverse City	County		1951
Alpena CC	Alpena	K-12		1952
Macomb CC	Warren	County		1954
Kellogg CC	Battle Creek	ISD		1956
Delta	University Center	County		1957
Lansing CC	Lansing	K-12		1957
North Central Mich	Petoskey	County		1958
Schoolcraft	Livonia	K-12		1961
Bay de Noc CC	Escanaba	County		1962
Monroe County CC	Monroe	County		1964
Southwestern Mich	Dowagiac	County		1964
Oakland CC	Bloomfield Hills	ISD		1964
Washtenaw CC	Ann Arbor	County		1965

Montcalm CC	Sidney	ISD	1965
Glen Oaks CC	Centreville	ISD	1965
Mid-Mich CC	Harrison	ISD	1965
Kirland CC	Roscommon	ISD	1966
Kalamazoo CC	Kalamazoo	K-12	1966
West Shore CC	Scottville	ISD	1967
Wayne Co. CC	Detroit	ISD	1968

Highland Park Community College, which opened in 1918, discontinued operation during 1995-96.

ARGUMENTS:

For:

This legislation would permit community college district officials to voluntarily reorganize their districts with voter approval, an expansion that according to committee testimony could include as many as six or eight of the state's 28 community colleges. An expansion of these districts would promote access to higher education services by reducing the number of out-of-district students, therefore lowering the tuition cost to the student. At the same time, it would broaden the property tax base to help finance community college operations.

Old geographical boundaries that defined community college districts have been fading away. Instead, economic boundaries of expanding regions are determining what services and programs a community college offers. For example, the Lansing Community College district comprises 15 school districts across most of Ingham and parts of Clinton and Eaton Counties. Yet the college serves additional counties that are not currently part of any community college district: Shiawassee, Ionia, and Livingston. To take classes closer to their far-flung students, LCC operates extension centers in St. Johns (Clinton County) and Howell (Livingston County). As a result, nearly one-third of all LCC students are out-of-district students paying \$40 more in tuition per billing hour than do their classmates who are in-district students.

Finally, the legislation would assist in increasing the number of college graduates and in addressing the workforce development needs of the state, two goals of the Final Report of Lt. Governor Cherry's Commission on Higher Education and Economic Growth.

Against:

While this is good legislation it should be amended. Currently the bill requires that when the question about district expansion is put to voters, the reorganization must be approved by a majority of the electors residing in the proposed reorganized community college district and voting on the question. In addition, there should be a requirement that the reorganization must be approved by a majority of the voters who reside in the specified geographic area or areas being added to the district.

POSITIONS:

The Michigan Community College Association supports the bill. (3-9-06)

Lansing Community College supports the bill. (3-9-06)

Kellogg Community College supports the bill. (3-9-06)

Grand Rapids Community College supports the bill. (3-9-06)

Legislative Analyst: J. Hunault
Fiscal Analyst: Viola Wild

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.