



Senate Fiscal Agency
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BILL



ANALYSIS

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FY 2013-14 Year-to-Date Gross Appropriation	\$335,977,600
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Changes from FY 2013-14 Year-to-Date:

Items Included by the Senate and House

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| 1. Performance Funding. Governor included an \$8.9 million GF/GP (3.0%) increase for community college operations distributed through the same Performance Indicators Task Force Formula that has been used in recent budgets. Governor included a new tuition and fee restraint prerequisite (3.2%) in order to qualify for any funding increase. Senate and House did not include the tuition restraint prerequisite but concurred with the Governor's distribution of performance funding. <u>Table 1</u> provides details on funding allocations. | 8,947,300 |
| 2. Virtual Learning Collaborative. The FY 2013-14 budget included \$1.1 million GF/GP in one-time funding for improvements. | (1,100,000) |
| 3. Michigan Public School Employees Retirement System (MPERS) Rate Cap. Governor, Senate, and House increased funding from \$31,400,000 to \$52,300,000 to fund the increase related to the difference between the employer's (community college's) capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate. | 20,900,000 |

Conference Agreement on Items of Difference

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| 4. MPERS Rate Cap Reduction. Governor and House included \$8,533,600 to fund reducing the capped rate by 1.2%, from 20.96% to 19.76%. Governor and House partially offset the cost increase by eliminating funding for other MPERS reimbursements that were originally appropriated to partially offset retiree health care costs (Item #5). Senate did not include funding for the capped rate reduction. Conference concurred with Senate. | 0 |
| 5. MPERS Retiree Health Care. Beginning in FY 2012-13 the budget included a \$1,733,600 appropriation from the State School Aid Fund for the purpose of partially offsetting increasing MPERS retiree health care costs. Governor and House transferred this funding to the appropriation for MPERS capped rate reduction (Item #4). Senate maintained the \$1,733,600 and increased funding by \$6.8 million (the funding associated with the Governor's proposal to lower the capped rate to 19.76%) for a total appropriation of \$8,533,600. Conference maintained current year appropriation level of \$1,733,600. | 0 |
| 6. Funding Shift. Senate shifted \$150.0 million from the State School Aid Fund to the State General Fund. Governor and House did not include the funding shift. Conference did not include the funding shift. | 0 |
| 7. Local Strategic Value. Governor and House maintained separate roll-up line item for Local Strategic Value (LSV) appropriation. Senate included LSV as a part of each college's performance funding allocation. Conference concurred with Senate. | 0 |

Total Changes	\$28,747,300
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FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation	\$364,724,900
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Amount Over/(Under) GF/GP Target: \$0

Changes from FY 2013-14 Year-to-Date:Items Included by the Senate and House

1. **Virtual Learning Collaborative.** Governor, Senate, and House eliminated language associated with one-time FY 2013-14 appropriation for the Virtual Learning Collaborative. (Sec. 201(7))
2. **Tuition Restraint.** Governor included language conditioning receipt of funding increases on limiting FY 2014-15 tuition and fee increases to 3.2%. Senate and House did not include tuition restraint. (Sec. 230A)
3. **Restored Sections.** Senate and House restored the following sections that were deleted by the Governor: prohibition on use of appropriations for purchase or lease of foreign automobiles (Sec. 227); and prohibition on disciplinary action against an employee for communicating with a member of the Legislature or legislative staff (Sec. 228).

Conference Agreement on Items of Difference

4. **MPSERS Reform Costs.** Governor and House included language reducing the maximum employer rate for the unfunded accrued liability by 1.2%, from 20.96% to 19.76%. Senate maintained the current cap of 20.96%. Conference concurred with Senate. (Sec. 207B)
5. **Transparency.** Requires each community college to make certain information available on its website. Governor and House eliminated estimated costs incurred due to Affordable Health Care Act, posting a copy of Board resolution on compliance with best practices, the authorization for the State Budget Director to determine compliance and withhold State aid payments for noncompliance. The Senate maintained current year requirements and included a new subsection (5) that requires a new report on opportunities for earning college credit at each community college through various programs (e.g., concurrent enrollment, dual enrollment, early/middle college, etc.). Conference concurred with Senate, but changed Subsection 5 reporting to CEPI and other minor adjustments. (Sec. 209)
6. **Military Status.** States legislative intent that community colleges include in its admission application process a specific question as to whether an applicant for admission is a veteran, an active member of the military, a member of the national guard or military reserves, or the spouse or dependent of a veteran, active member of the military, or member of the national guard or military reserves, in order to more quickly identify potential educational assistance available to that applicant. Senate and House revised language consistent with what the American Council on Education recommends as the best practice for determining if students are veterans. Minor wording differences existed between House and Senate versions. Conference concurred with House. (Sec. 229)
7. **Performance Indicators Task Force.** Provides that it is the intent of the Legislature that performance measures be reviewed and more fully implemented in future. Delineates formula components. Governor, Senate, and House removed the statement regarding the formula being more fully implemented in future years. Governor and House removed the requirement for board of trustees' resolution regarding meeting requirements for local strategic value, and included date revisions. Senate and Conference restored board of trustees' resolution requirement, added "concurrent enrollment" to listing in subsection (3)(b)(i), and included the Governor's other changes. (Sec. 230).
8. **Other Sections.** Senate restored the following sections that were deleted by the Governor and House: MPSERS reimbursement (Sec. 207A); prohibits use of appropriations for construction or maintenance of self-liquidating projects and requires compliance with Section 238 of the Management and Budget Act and JCOS use and finance requirements -- includes penalty for noncompliance (Sec. 208); block transfer implementation report (Sec. 210b); encourages community colleges to achieve efficiencies through collaborations (Sec. 212); requires that all data items used to determine State aid comply with the Manual for Uniform Financial Reporting and the ACS -- Senate added workgroup for the purpose of reviewing and updating the ACS (Sec. 217); and reporting student educational outcomes in the employment market (Sec. 229b).

Conference restored sections 207A, 208, 210b, 212, and included a new version of Sec. 217 that provides for the administration and review of the ACS. Conference concurred with the Governor and House in removing Sec. 229b. Conference concurred with Senate in restoring "legislative intent" statements in Sec. 210, Sec. 213, and Sec. 222,

Date Completed: 6-9-14

Fiscal Analyst: Bill Bowerman

Table 1: FY 2014-15 Community College Appropriation

College	FY 2013-14 Enacted	FY 2014-15 Gov. Rec.			FY 2014-15 Senate			FY 2014-15 House			FY 2014-15 Conference		
		Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change	Adjustments	Appropriation	Percent Change
Alpena	\$5,236,500	\$154,200	\$5,390,700	2.9%	\$154,200	\$5,390,700	2.9%	\$154,200	\$5,390,700	2.9%	\$154,200	\$5,390,700	2.9%
Bay de Noc	5,279,300	140,200	5,419,500	2.7%	140,200	5,419,500	2.7%	140,200	5,419,500	2.7%	140,200	5,419,500	2.7%
Delta	14,063,500	435,400	14,498,900	3.1%	435,400	14,498,900	3.1%	435,400	14,498,900	3.1%	435,400	14,498,900	3.1%
Glen Oaks	2,441,500	74,600	2,516,100	3.1%	74,600	2,516,100	3.1%	74,600	2,516,100	3.1%	74,600	2,516,100	3.1%
Gogebic	4,330,300	121,100	4,451,400	2.8%	121,100	4,451,400	2.8%	121,100	4,451,400	2.8%	121,100	4,451,400	2.8%
Grand Rapids	17,454,900	492,600	17,947,500	2.8%	492,600	17,947,500	2.8%	492,600	17,947,500	2.8%	492,600	17,947,500	2.8%
Henry Ford	21,060,000	563,800	21,623,800	2.7%	563,800	21,623,800	2.7%	563,800	21,623,800	2.7%	563,800	21,623,800	2.7%
Jackson	11,758,200	329,100	12,087,300	2.8%	329,100	12,087,300	2.8%	329,100	12,087,300	2.8%	329,100	12,087,300	2.8%
Kalamazoo Valley	12,122,500	380,600	12,503,100	3.1%	380,600	12,503,100	3.1%	380,600	12,503,100	3.1%	380,600	12,503,100	3.1%
Kellogg	9,522,000	291,500	9,813,500	3.1%	291,500	9,813,500	3.1%	291,500	9,813,500	3.1%	291,500	9,813,500	3.1%
Kirtland	3,055,700	112,000	3,167,700	3.7%	112,000	3,167,700	3.7%	112,000	3,167,700	3.7%	112,000	3,167,700	3.7%
Lake Michigan	5,178,100	164,800	5,342,900	3.2%	164,800	5,342,900	3.2%	164,800	5,342,900	3.2%	164,800	5,342,900	3.2%
Lansing	30,023,700	853,900	30,877,600	2.8%	853,900	30,877,600	2.8%	853,900	30,877,600	2.8%	853,900	30,877,600	2.8%
Macomb	31,931,200	885,400	32,816,600	2.8%	885,400	32,816,600	2.8%	885,400	32,816,600	2.8%	885,400	32,816,600	2.8%
Mid Michigan	4,517,900	164,100	4,682,000	3.6%	164,100	4,682,000	3.6%	164,100	4,682,000	3.6%	164,100	4,682,000	3.6%
Monroe	4,342,600	150,300	4,492,900	3.5%	150,300	4,492,900	3.5%	150,300	4,492,900	3.5%	150,300	4,492,900	3.5%
Montcalm	3,121,200	105,500	3,226,700	3.4%	105,500	3,226,700	3.4%	105,500	3,226,700	3.4%	105,500	3,226,700	3.4%
Mott	15,247,100	439,000	15,686,100	2.9%	439,000	15,686,100	2.9%	439,000	15,686,100	2.9%	439,000	15,686,100	2.9%
Muskegon	8,653,500	247,500	8,901,000	2.9%	247,500	8,901,000	2.9%	247,500	8,901,000	2.9%	247,500	8,901,000	2.9%
North Central	3,064,400	108,000	3,172,400	3.5%	108,000	3,172,400	3.5%	108,000	3,172,400	3.5%	108,000	3,172,400	3.5%
Northwestern	8,825,300	253,500	9,078,800	2.9%	253,500	9,078,800	2.9%	253,500	9,078,800	2.9%	253,500	9,078,800	2.9%
Oakland	20,483,100	640,200	21,123,300	3.1%	640,200	21,123,300	3.1%	640,200	21,123,300	3.1%	640,200	21,123,300	3.1%
St. Clair	6,860,100	201,500	7,061,600	2.9%	201,500	7,061,600	2.9%	201,500	7,061,600	2.9%	201,500	7,061,600	2.9%
Schoolcraft	12,112,200	401,500	12,513,700	3.3%	401,500	12,513,700	3.3%	401,500	12,513,700	3.3%	401,500	12,513,700	3.3%
Southwestern	6,404,300	172,100	6,576,400	2.7%	172,100	6,576,400	2.7%	172,100	6,576,400	2.7%	172,100	6,576,400	2.7%
Washtenaw	12,610,800	466,500	13,077,300	3.7%	466,500	13,077,300	3.7%	466,500	13,077,300	3.7%	466,500	13,077,300	3.7%
Wayne County	16,194,300	533,300	16,727,600	3.3%	533,300	16,727,600	3.3%	533,300	16,727,600	3.3%	533,300	16,727,600	3.3%
West Shore	2,349,800	65,100	2,414,900	2.8%	65,100	2,414,900	2.8%	65,100	2,414,900	2.8%	65,100	2,414,900	2.8%
Subtotal Operations:	\$298,244,000	\$8,947,300	\$307,191,300	3.0%	\$8,947,300	\$307,191,300	3.0%	\$8,947,300	\$307,191,300	3.0%	\$8,947,300	\$307,191,300	3.0%
Virtual Learning Collaborative	1,100,000	(1,100,000)	0	-100.0%	(1,100,000)	0	-100.0%	(1,100,000)	0	-100.0%	(1,100,000)	0	-100.0%
MPERS Retiree Health Care	1,733,600	(1,733,600)	0	-100.0%	6,800,000	8,533,600	392.2%	(1,733,600)	0	-100.0%	0	1,733,600	0.0%
MPERS Reform Costs	31,400,000	29,433,600	60,833,600	93.7%	20,900,000	52,300,000	66.6%	29,433,600	60,833,600	93.7%	20,900,000	52,300,000	66.6%
Renaissance Zone Reimbursements	3,500,000	0	3,500,000	0.0%	0	3,500,000	0.0%	0	3,500,000	0.0%	0	3,500,000	0.0%
Total Appropriations:	\$335,977,600	\$35,547,300	\$371,524,900	10.6%	\$35,547,300	\$371,524,900	10.6%	\$35,547,300	\$371,524,900	10.6%	\$28,747,300	\$364,724,900	8.6%
State School Aid Fund	197,614,100	0	\$197,614,100	0.0%	(150,000,000)	47,614,100	-75.9%	0	197,614,100	0.0%	0	197,614,100	0.0%
GF/GP	\$138,363,500	\$35,547,300	\$173,910,800	25.7%	\$185,547,300	\$323,910,800	134.1%	\$35,547,300	\$173,910,800	25.7%	\$28,747,300	\$167,110,800	20.8%