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## BILL ANALYSIS



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House Bill 4265 (Substitute H-1 as passed by the House)  
Sponsor: Representative Amanda Price  
House Committee: Education  
Senate Committee: Education

Date Completed: 11-29-16

**CONTENT**

**The bill would amend the Community College Act to do the following:**

- **Require the approval of the Superintendent of Public Instruction for the formation of a proposed community college district, and the proposed maximum annual tax rate, before an election was held.**
- **Eliminate requirements that local units proposed for annexation be contiguous to a community college district.**
- **Revise the procedure for annexing into a community college district a portion of a local unit not already included in the area of a community college district.**
- **Specify that regular terms of office for boards of trustees would begin on January 1 following the school election in November.**
- **Require a board of trustees of a community college district composed of school districts or intermediate school districts (ISDs) to hold its organizational meeting at its first meeting in January following the date of the regular election.**

The bill would take effect 90 days after its enactment.

**Formation of Community College Districts**

Under Chapter 1 (Community College District Comprised of Counties) of the Act, one or more contiguous counties, except any portion previously included in an existing community college district, may join to form a community college district by a majority vote of the electors of those counties. Before the election is held, the board or joint boards of education of the ISDs of the counties affected must obtain the approval of the formation of the proposed district and the proposed maximum annual tax rate from the State Board of Education.

Chapter 2 (Community College District Comprised of School Districts) specifies that a school district or two or more contiguous K through 12 school districts may form a community college district. If resolutions of the boards of education of contiguous school districts requesting the organization of the community college district are filed with the secretary of the board of education of the ISD having the highest valuation in the proposed community college district area, the secretary must refer the questions of organizing the community college district and the proposed annual tax rate to the State Board of Education for approval. If a single school district adopts a resolution requesting the organization of a community college district, the secretary of the board of education for that district also must refer those questions to the State Board of Education.

Under the bill, before the election was held under either chapter, the approvals described above would have to be obtained from the Superintendent of Public Instruction, instead of the State Board of Education. The bill also would remove references to "contiguous" local units in these chapters, as well as from similar provisions in Chapter 3 (Community College District Composed of Intermediate School Districts).

#### Annexation of Local Units to a Community College District

By adoption of a resolution, the board of trustees of a community college district organized under Chapter 1 may initiate annexation to the district of a contiguous county, contiguous township, contiguous ISD, or contiguous local school district that is not already included within the area of a community college district, subject to the following: a) a community college district located in the Upper Peninsula may annex a county, township, ISD, or local school district that is not contiguous, and b) a community college district that has been offering classes at a Federal military installation located in a noncontiguous county for at least 20 years may annex that noncontiguous county or that noncontiguous county that is not within another community college district. The bill would eliminate the exceptions for districts located in the Upper Peninsula and districts offering classes at a Federal military installation, and would eliminate references to contiguous local units.

The board of trustees must obtain the approval of the proposed annexation from the Superintendent of Public Instruction. If approved, the secretary of the board of trustees must file certified copies of the annexation resolution and the approval with the clerk of the county or township to be annexed, or the secretary of the board of the ISD or local school district and the school district filing official of the school district to be annexed, as applicable.

After the resolution and approval are filed, the county board of commissioners, the township board, or the board of the intermediate or local school district, as applicable, must request that the school district filing official call a special election to vote on the question of annexation to the community school district and of approving the maximum tax rate for the community college district. A special election must be held on the next regular election day that is at least 49 days after the election is requested.

An annexation is effective on the date of the election if both propositions receive majority approval of the electors voting on them. The final results of the election must be canvassed by the appropriate board of county canvassers as provided in the Michigan Election Law.

By virtue of annexation, unless otherwise provided in the approved propositions, territory annexed to a community college district is subject to taxes levied for principal and interest of outstanding bonded indebtedness of the community college district.

If a portion of a county, township, or intermediate or local school district to be annexed lies within a community college district at the time of the annexation election, then the electors residing in that territory are not eligible to vote on the propositions and that territory does not become a part of the community college district.

Under the bill, all of the above requirements to initiate annexation of a local unit would apply to a community college district organized under Chapter 2 (Community College District Comprised of School Districts), Chapter 3 (Community College District Composed of Intermediate School Districts), or Chapter 5 (Intermediate School Districts of More Than 1,000,000).

#### Election of Board of Trustees

Under the Act, if a community college district consists of a single or multiple school districts (those organized under Chapter 2), the district is governed by a board of trustees consisting

of seven members, elected at large in the district or proposed district (or districts) on a nonpartisan basis in an organizational election. If an organizational election is held at the same time as a regular school election in May, the term for each member elected begins on the following July 1. If the regular school election is held in November, the term of each member elected begins on the January 1 following the organizational election. Under the bill, if an organizational election were held at the same time as a regular school election in November, the term of each member elected would begin on January 1 following the organizational election.

If an organizational election is held on a date other than the date of a regular school election, each board member must take office on the 15<sup>th</sup> day following the organizational election. The bill would eliminate language pertaining to school elections in May and terms beginning in July. Under the bill, regular terms of office would begin on the January 1 following the school election in November. Similar changes would apply to organizational elections and terms of boards of trustees for community college districts organized under Chapter 3.

Organizational Board Meeting

Under Chapter 11 (General Powers and Duties of Districts) of the Act, the organizational board meeting of a community college district operating under Chapter 1 must be held at the first meeting of the board of trustees in January following the date of the regular community college election. Under the bill, this provision also would apply to organizational board meetings for districts operating under Chapter 2 or 3. The bill would eliminate a requirement that those meetings be held at the first board of trustees meeting in July after a regular election.

MCL 389.11 et al.

Legislative Analyst: Jeff Mann

**FISCAL IMPACT**

The bill would have no impact on State government and an indeterminate impact on community college districts and other local units of government. The impact on community college districts would be contingent on the number of districts annexed, the tax base of the annexed local unit and local millage rates, and the number of students who would no longer be charged out-of-district tuition rates.

Table 1 delineates statewide revenue sources for Michigan's 28 public community colleges.

Table 1

<b>FY 2014-15 Community College General Fund Revenue Sources</b>		
	<u>Amount</u>	<u>% of Total</u>
Tuition and Fees	\$643,567,637	41.2%
Property Tax	531,499,183	34.0
State Aid	307,191,300	19.6
Other	<u>81,075,846</u>	<u>5.2</u>
<b>Total:</b>	<b>\$1,563,333,966</b>	<b>100.0%</b>
Sources: Activities Classification Structure (ACS).		

All community colleges charge a higher tuition rate for out-of-district students. The statewide average in-district tuition rate is \$106.38, compared to the statewide average out-of-district rate of \$177.11, for a difference of \$70.73 per contact/credit hour. The largest difference

between in-district and out-of-district rates is \$127.00 at Grand Rapids Community College. Table 2 lists by college in-district and out-of-district tuition rates.

Table 2

<b>FY 2016-17 Michigan Public Community Colleges In-District Tuition Rates Compared to Out-Of-District Rates</b>			
	<b>In-District</b>	<b>Out District</b>	<b>of Difference</b>
Alpena	\$125.00	\$197.00	\$72.00
Bay de Noc	116.00	199.00	83.00
Delta	99.50	170.00	70.50
Glen Oaks	109.00	172.00	63.00
Gogebic	110.00	156.00	46.00
Grand Rapids	111.00	238.00	127.00
Henry Ford	93.00	161.00	68.00
Jackson	135.00	195.00	60.00
Kalamazoo Valley	100.00	172.00	72.00
Kellogg	104.50	167.75	63.25
Kirtland	109.00	158.00	49.00
Lake Michigan	97.00	150.00	53.00
Lansing	99.00	198.00	99.00
Macomb	97.00	180.00	83.00
Mid-Michigan	108.00	196.00	88.00
Monroe	107.00	186.00	79.00
Montcalm	\$105.00	\$199.00	\$94.00
Mott	132.62	183.40	50.78
Muskegon	102.00	190.00	88.00
North Central	108.00	179.00	71.00
Northwestern	103.70	205.30	101.60
Oakland	88.00	171.00	83.00
Schoolcraft	102.00	148.00	46.00
Southwestern	115.25	150.25	35.00
St. Clair	105.00	204.00	99.00
Washtenaw	94.00	155.00	61.00
Wayne County	107.10	118.30	11.20
West Shore	96.00	160.00	64.00
<b>State Average</b>	<b>\$106.38</b>	<b>\$177.11</b>	<b>\$70.73</b>
Source: Reports filed pursuant to Section 225 of the State School Aid Act, and college websites.			

Local units of government within a community college district are required to pay a millage to support the district. Community college districts' operating millage rates range from 1.1446 mills to 4.0 mills. In FY 2014-15, property taxes generated \$1.4 million for Gogebic Community College, accounting for 13.7% of its operating fund revenue. In contrast, FY 2014-

15 property taxes for Oakland Community College generated \$77.3 million, accounting for 52.1% of the college's operating fund revenue.

Fiscal Analyst: Bill Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.