



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 134 (S-1, Draft 2 as reported)
Committee: Appropriations

Throughout this document Senate means Subcommittee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 SENATE SUBCOMM.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	0.0
GROSS	395,925,600	401,326,500	5,400,900	1.4
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	395,925,600	401,326,500	5,400,900	1.4
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	395,925,600	401,326,500	5,400,900	1.4
Less:				
Other State Restricted Funds.....	260,414,800	395,142,600	134,727,800	51.7
GENERAL FUND/GENERAL PURPOSE.....	135,510,800	6,183,900	(129,326,900)	(95.4)
PAYMENTS TO LOCALS	395,925,600	401,326,500	5,400,900	1.4

FY 2016-17 Year-to-Date Gross Appropriation	\$395,925,600
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Changes from FY 2016-17 Year-to-Date:

1. **College Operations.** The Governor did not include a funding increase for college operations. The Senate included a \$3,158,900 (1.0%) increase; \$1.4 million to adjust for payments in excess of the calculated loss for the PPT, and \$1.8 million distributed through the 2016 Performance Indicators Review Task Force formula. See attached [Table 1](#) for details. 3,158,900
2. **Funding Shift.** The Governor shifted \$133,510,800 from GF/GP to the School Aid Fund (SAF), thereby funding community college operations and renaissance zone reimbursements entirely from the SAF. The Senate concurred, with the exception of GF/GP funding added for operations (Item #1 above). 0
3. **Independent Part-Time Student Grants.** The Governor included \$2.0 million GF/GP to initiate a revised version of the Independent Part-Time Student Grants program created by Public Act 102 of 1986. The grants were established to foster the pursuit of postsecondary education by part-time students who have financial need. The maximum grant was \$600 per academic year for not more than two 12-month periods at any educational institution. The last year these grants received funding was in FY 2008-09, when grants totaled \$2.6 million. The Governor is proposing amendments to Public Act 102 to revise the grant program by limiting grants to community college students, removing the \$600 limit and providing the Department of Treasury with the authority to set the grant limit each academic year, and changing the two-year limit on receiving grants to three-years. The Senate concurred. 2,000,000

4. **Michigan Transfer Network Enhancements.** The Governor included \$1,025,000 GF/GP for improvements to the Michigan Transfer Network (MTN). The MTN website helps students, advisers, and the general public to view transfer course equivalencies between Michigan colleges and universities. The MTN is sponsored by the Michigan Association of Collegiate Registrars and Admissions Officers and hosted by Michigan State University. The enhancement funding will provide for a new Michigan Transfer Network website, including a new course equivalency database, information about the Michigan Transfer Agreement, and associate to bachelor's degree transfer pathways that allow a student to maximize coursework at community colleges and universities. The Senate concurred. 1,025,000
5. **Michigan Public School Employees' Retirement System (MPSERS).** Adjustments include an increase of \$6,705,000 (SAF) related to decreasing the assumed rate of return for the UAAL; a one-time increase of \$3,612,000 (SAF) due to decreasing the assumed rate of return for the normal cost hold harmless; and a decrease of \$9,100,000 (SAF) due to investment gains and positive health experience. The Senate concurred. 1,217,000
6. **Renaissance Zone Reimbursements.** The appropriation is reduced from \$5.1 million to \$3.1 million based on projected payments. (2,000,000)
7. **Comparison to Governor's Recommendation.** The Senate is \$3,158,900 (all GF/GP) over the Governor's recommendation.

Total Changes	\$5,400,900
FY 2017-18 Senate Appropriations Subcommittee Gross Appropriation	\$401,326,500

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Independent Part-Time Student Grants.** The Governor included language stating that the \$2.0 million appropriation is subject to Public Act 102 of 1986. (The Governor is proposing amendments to that act that limits the grant to community college students, requires a prerequisite of 15 credit hours completed within a certificate or degree program, and changes the set \$600 grant to one set by the Department of Treasury.) If applicants exceed available funding, funds will be given to persons with the greatest financial needs. Includes reporting requirements. Requires compliance with reporting to receive funds in FY 2018-19. The Senate concurred. (Sec. 201 (7) & (8))
2. **Michigan Transfer Network Website Enhancements.** The Governor added new language providing that the appropriation is one-time and for the purpose of enhancement to the website to improve the transfer of college credit among Michigan's postsecondary institutions. Requires updates on use of funds to State Budget Director, subcommittees, and fiscal agencies upon request. The Senate concurred. (Sec. 201 (9))
3. **Payment Distribution Schedule.** Provides for payment schedule. If the State Budget Director determines that a community college failed to submit Activities Classification Structure (ACS) data to the Center Educational Performance and Information (CEPI) by November 1, or failed to submit its longitudinal data system data set, the State Treasurer shall withhold the monthly installments from that community college until those data are submitted. The State Budget Director is required to shall notify the community college subcommittee chairs at least 10 days before withholding funds from any community college. The Governor included other statutorily required reports to the conditions for receiving monthly payments (college credit opportunity data set, annual independent audit, tuition and fees report, number and type of degrees and certificates report), and removed the prior notice to subcommittee chairs requirement. The Senate restored the notice to subcommittee chairs requirement and concurred with other recommended changes. (Sec. 206)

4. **Transparency.** Requires community colleges to make available through links on website homepages annual operating budgets, links to the most recent activities classification structure report, current collective bargaining agreements, health care plans, audits and financial reports, projected general fund revenue and expenditures and debt service obligations, estimated costs incurred due to Affordable Health Care Act (ACA), board of trustees resolution regarding compliance with best practices, and opportunities for earning college credit through dual enrollment. Provides that the State Budget Director determines compliance and allows for withholding of State aid payments for noncompliance. The Governor eliminated estimated costs of ACA, and the State Budget Director's authority to determine compliance and withhold funds for failure to comply with transparency site requirements. The Governor also eliminated the requirement for college governing board resolution on compliance with best practices. The Senate restored the provision for a governing board resolution on compliance with best practices, and the Budget Director's authority to determine compliance and withhold funds. The Senate concurred with eliminating estimated costs of ACA. (Sec. 209)
5. **Block Transfers.** Requires report from the Michigan Community College Association (MCCA) and the Michigan Association of State Universities (MASU) on the implementation of the Michigan Transfer Agreement (30 block credits). The language requires the report to include clear timelines for establishing transfer pathways. The Governor modified current reporting requirements by specifically including alignment of learning outcomes in gateway mathematics courses in the quantitative reasoning, college algebra and statistics pathways and transferability of mathematics gateway courses. Language is also clarified to require not only timelines for "establishment" but also "implementation" of transfer pathways. The Senate concurred with the Governor. (Sec. 210b)
6. **ACS Database.** Requires the Center for Educational Performance and Information (CEPI) to establish, maintain, and coordinate the State community college database. The Governor eliminated the provision requiring CEPI to assist community colleges in complying with audits under this section or federal law. The Senate concurred. (Sec. 217)
7. **Reporting Requirements.** Sections providing for various college reports (audits, tuition and fees, etc.). The Governor modified and clarified CEPI responsibilities for collecting information, distributing reports to recipient, and use of the P-20 Longitudinal Data System. Ties into changes in Section 206 regarding compliance with reporting requirements. The Senate concurred. (Sec. 222, Sec. 224, Sec. 225, Sec. 226)
8. **Indian Tuition Waiver.** The Governor, for reporting purposes, changed the reference from "fiscal" year to "academic" year, included continuing education students in number of waiver students reported, and defined "withdrawal" as any student awarded the waiver who withdraws from the institution at any point during the term, regardless of enrollment in subsequent terms. The Senate concurred. (Sec. 223)
9. **Restored Provisions.** The **Governor deleted:** Anticipated appropriations for subsequent fiscal year (Sec. 201a); prohibits use of appropriations for construction or maintenance of self-liquidating projects and requires compliance with Section 238 if the Management and Budget Act and Joint Capital Outlay Subcommittee use and finance requirements - includes penalty for noncompliance (Sec. 208); encourages community colleges to achieve efficiencies through cost containment measures and collaborations (Sec. 212); 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). The Senate restored all of these sections.

Date Completed: 3-22-17

Fiscal Analyst: Bill Bowerman

Table 1: FY 2017-18 Community College Appropriations - Senate

College	FY 2016-17 Year-To-Date	FY 2017-18 Adjustments											Percent Change
		30.0% Sustainability*	10.0% Performance Improvement	10.0% Performance Completion #	10.0% Performance Completion Rate	30.0% Contact Hours	5.0% Administrative Costs	5.0% Local Strategic Value	Total Formula Distribution	Non-Formula Adjustments	Total Adjustments	FY 2017-18 Appropriation	
Alpena	\$5,544,700	\$9,469	\$6,122	\$1,933	\$4,769	\$4,588	\$2,864	\$1,578	\$31,300	\$51,500	\$82,800	\$5,627,500	1.5%
Bay de Noc	5,560,900	9,497	2,532	2,293	4,808	4,883	2,479	1,583	28,100	0	28,100	5,589,000	0.5%
Delta	14,907,700	25,458	7,847	10,531	6,789	24,225	3,902	4,243	83,000	0	83,000	14,990,700	0.6%
Glen Oaks	2,586,900	4,418	1,178	1,438	3,517	3,040	191	736	14,500	0	14,500	2,601,400	0.6%
Gogebic	4,577,800	7,818	2,085	1,263	4,998	3,573	2,127	1,303	23,200	114,400	137,600	4,715,400	3.0%
Grand Rapids	18,450,500	31,509	9,426	10,044	8,402	37,853	3,814	5,251	106,300	0	106,300	18,556,800	0.6%
Henry Ford	22,176,000	37,871	15,993	8,167	12,698	37,897	4,272	6,312	123,200	0	123,200	22,299,200	0.6%
Jackson	12,397,600	21,172	5,646	5,200	7,986	15,322	3,809	3,529	62,700	129,800	192,500	12,590,100	1.6%
Kalamazoo Valley	12,873,900	21,985	5,863	7,484	8,133	23,507	4,117	3,664	74,800	0	74,800	12,948,700	0.6%
Kellogg	10,087,500	17,227	6,626	4,785	6,946	13,415	4,223	2,871	56,100	0	56,100	10,143,600	0.6%
Kirtland	3,270,000	5,584	1,489	1,880	1,489	4,723	3,268	931	19,400	0	19,400	3,289,400	0.6%
Lake Michigan	5,492,800	9,380	2,501	2,340	2,501	10,445	2,117	1,563	30,800	0	30,800	5,523,600	0.6%
Lansing	31,677,300	54,096	15,362	17,040	16,746	42,842	3,627	9,016	158,600	488,300	646,900	32,324,200	2.0%
Macomb	33,681,800	57,520	15,339	15,950	17,594	62,111	3,718	9,587	181,800	0	181,800	33,863,600	0.5%
Mid Michigan	4,834,100	8,255	2,201	4,002	2,201	10,789	2,653	1,376	31,500	103,300	134,800	4,968,900	2.8%
Monroe	4,636,700	7,918	2,444	2,631	2,112	8,512	3,876	1,320	28,800	0	28,800	4,665,500	0.6%
Montcalm	3,343,100	5,709	1,522	1,985	1,522	3,957	3,911	952	19,600	83,600	103,200	3,446,300	3.1%
Mott	16,115,500	27,521	8,903	10,837	9,621	25,873	3,535	4,587	90,900	51,700	142,600	16,258,100	0.9%
Muskegon	9,150,600	15,627	11,393	2,935	4,167	11,407	4,242	2,604	52,400	0	52,400	9,203,000	0.6%
North Central	3,290,400	5,619	1,498	1,700	3,991	5,708	3,576	937	23,000	39,800	62,800	3,353,200	1.9%
Northwestern	9,318,000	15,913	5,882	4,196	4,243	12,933	3,322	2,652	49,100	141,800	190,900	9,508,900	2.0%
Oakland	21,770,900	37,179	9,914	15,052	9,914	53,114	3,437	6,196	134,800	0	134,800	21,905,700	0.6%
Schoolcraft	12,909,300	22,046	5,879	9,333	8,322	28,626	4,096	3,674	82,000	0	82,000	12,991,300	0.6%
Southwestern	6,732,500	11,497	5,511	2,979	3,066	6,910	1,871	1,916	33,700	94,500	128,200	6,860,700	1.9%
St. Clair	7,259,300	12,397	3,306	3,344	5,800	10,823	3,030	2,066	40,800	0	40,800	7,300,100	0.6%
Washtenaw	13,534,000	23,112	8,839	14,544	8,507	34,798	3,713	3,852	97,400	0	97,400	13,631,400	0.7%
Wayne County	17,234,200	29,431	9,494	14,919	7,848	34,323	3,165	4,905	104,100	0	104,100	17,338,300	0.6%
West Shore	2,478,000	4,232	5,024	1,015	1,128	3,264	952	705	16,300	62,000	78,300	2,556,300	3.2%
Subtotal Operations:	\$315,892,000	\$539,460	\$179,820	\$179,820	\$179,820	\$539,460	\$89,910	\$89,910	\$1,798,200	\$1,360,700	\$3,158,900	\$319,050,900	1.0%
MPSERS Retiree Health Care	1,733,600									0	0	1,733,600	0.0%
MPSERS Reform Costs	73,200,000									(2,395,000)	(2,395,000)	70,805,000	(3.3%)
Renaissance Zone Reimbursements	5,100,000									(2,000,000)	(2,000,000)	3,100,000	(39.2%)
Independent Part-Time Student Grants	0									2,000,000	2,000,000	2,000,000	--
MI Transfer Network Enhancements (one-tyr	0									1,025,000	1,025,000	1,025,000	--
MPSERS Normal Cost Offset (one-time)	0									3,612,000	3,612,000	3,612,000	--
Total Appropriations:	\$395,925,600	\$539,460	\$179,820	\$179,820	\$179,820	\$539,460	\$89,910	\$89,910	\$1,798,200	\$3,602,700	\$5,400,900	\$401,326,500	1.4%
State School Aid Fund	260,414,800	0	0	0	0	0	0	0	0	134,727,800	134,727,800	395,142,600	51.7%
GF/GP	\$135,510,800	\$539,460	\$179,820	\$179,820	\$179,820	\$539,460	\$89,910	\$89,910	\$1,798,200	(\$131,125,100)	(\$129,326,900)	\$6,183,900	(95.4%)