



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4360 (H-5) (as passed the House)
Committee: Appropriations

FY 2006-07 Year-to-Date Gross Appropriation	\$247,845,500
Changes from FY 2006-07 Year-to-Date:	
1. Executive Order 2007-3 – Retirement Savings. A portion of Executive Order 2007-3 was based on credits that community colleges would receive by reducing defined benefit contributions to the Michigan Public School Employees' Retirement System through re-valuation of the system's assets and a one-year deferral of payments toward the system's unfunded liabilities. This adjustment restores funding related to the one-time reduction.	16,274,100
2. Executive Order 2007-3 & 2007 PA 17 – Payment Delays. Executive Order 2007-3 and 2007 PA 17 contained State payment delays for community college operations equal to the August 2007 payment (25,759,800). This adjustment restores funding to the FY 2007-08 base and provides for reimbursement of the FY 2006-07 delayed payment.	51,519,600
3. Inflationary Adjustment. The Governor included a 2.5% General Fund across-the-board increase for community college operations. The House maintained the increase, but distributed the funding through the Performance Indicators Task Force Formula.	7,089,600
4. Wayne County Community College. The Governor and House included a \$225,000 adjustment related to a \$450,000 reduction incurred in FY 2003-04. Public Act 153 of 2006 restored \$225,000 in FY 2005-06.	225,000
5. Renaissance Zones Tax Reimbursements. Funding is increased from \$3,200,000 to \$3,375,000 based on projected payments pursuant to Public Act 376 of 1996.	175,000
6. Parity Payment. The House included additional funding based on an equity argument that community colleges did not receive the percentage increase that Higher Education received in FY 2005-06.	3,205,200
7. Nursing Program. The House included funding for nursing program grants that would be distributed based on FY 2007-08 increases in nursing student enrollments and the number of A.D.N./R.N. awards conferred in 2005-2006.	7,000,000
8. Property Tax Base Disparity. The House added funding to three community colleges (Alpena \$125,700; Bay de Noc \$121,400; Gogebic \$258,500) based on districts that have a property tax bases of less than \$1.4 billion and assess at least 2.5 mills.	505,600
9. Comparison to Governor's Recommendation. The House Substitute is \$10,710,800 (all GF/GP) over the Governor's Recommendation.	
Total Changes¹	\$85,994,100
FY 2007-08 House Passed Gross Appropriation	\$333,839,600

¹ Netting out the adjustments related to E.O. 2007-3 and 2007 PA 17 results in an adjusted increase over FY 2006-07 YTD of \$18,200,400 (6.3%).

Changes from FY 2006-07 Year to Date:

1. **Payment Distribution of Appropriation.** The Governor modified this section by eliminating the provision requiring At-risk funding to be paid in full by November 1. The House maintained current year language. The Governor's revised recommendation included language to provide for a one-time supplemental payment on October 16, 2007 to repay the FY 2006-07 delayed payments. The House concurred with the revision. (Sec. 223)
2. **Infrastructure, Technology, Equipment, and Maintenance (ITEM).** States legislative intent that ITEM funding will be restored. The Governor eliminated this section. The House restored it. (Sec. 226)
3. **Abortion Services/ Employee Benefits to Unmarried Partners.** The Governor eliminated language that prohibited colleges from using funds appropriated in this Act to provide health insurance coverage for abortion services and language stating legislative intent that funds shall not be used to extend employee benefits to unmarried partners of college employees, except for pre and post natal costs. The House concurred with the Governor.
4. **University Admissions Workgroup.** Provides that the Michigan Community College Association may create a workgroup to make recommendations regarding university admission and enrollment policies that specifically address the acceptance of college credits earned through the Postsecondary Enrollment Options Act. The Governor eliminated this section. The House restored it. (Sec. 229)
5. **Parity to Higher Education Budget.** States legislative intent that any executive or legislative proposal to increase appropriations to universities in will be accompanied by a similar proposal for state-supported community colleges. The Governor eliminated this section. The House restored it. (Sec. 230)
6. **Economic Job Development Training Grants.** A "set-aside" provision for community colleges is also included in the Michigan Strategic Fund Appropriation Bill, which includes the actual appropriation and controls the allocation of these funds. The Governor eliminated this section. The House restored it. (Sec. 231)
7. **Payments in Lieu of Taxes.** States legislative intent that interested parties continue the discussion regarding payments in lieu of taxes, especially for those community college districts that contain significant portions of nontaxable land. The Governor eliminated this section. The House restored it. (Sec. 233)
8. **Performance Indicators Task Force.** States intent that the performance indicators task force formula be used for funding distributions and that Gast-Mathieu fairness in funding formula data continue to be collected and maintained. The Governor eliminated this section. The House restored it. (Secs. 244 & 245)
9. **At Risk Student Success Program.** The Governor modified this section by requiring that equipment or information technology hardware or software purchased under this section must be associated with the operation of a program designed to address the needs of at-risk students. The House concurred with the Governor. (Sec. 301)
10. **Nursing Program Grants.** The House added language that delineates the new grant for nursing programs. Provides for partial allocation of funds based on the increase in the number of students enrolled in A.D.N. or R.N. nursing degree programs and the balance based on the number of 2005-2006 nursing program awards. Requires report on impact of nursing grants by January 1, 2008. (Secs. 303 & 305)
11. **Audit of ACS Data.** Provides for audits of ACS data for seven randomly selected community colleges and that the Auditor General may conduct performance audits of community colleges as the Auditor General considers necessary. Requires report on plans to comply with audit findings. The House eliminated the provision requiring audits of ACS data for seven community colleges and maintained provisions related to performance audits. (Sec. 205)
12. **Duplication of Audit and Reporting Requirements.** Provides that it is the intent of the legislature that the frequency and scope of on-site visits, evaluations, audits, and similar activities be limited to that which is reasonably necessary to monitor the performance of community colleges and confirm the accuracy of reported data. The Governor eliminated this section. The House restored it. (Sec. 214)
13. **Tax Increment Finance Authorities (TIFAs) Report.** Requires the Department of Treasury to compile and publish a report on the property tax revenue loss for each community college as a result of TIFAs and tax abatement programs. The Governor eliminated this section. The House restored it. (Sec. 215)

Date Completed: 8-23-07

Fiscal Analyst: Bill Bowerman



FY 2007-08 Community College Appropriation Bill

College	FY 2006-07 Year-To-Date*	FY 2007-08 GOV REC		FY 2007-08 House Passed				
		Increase	Percent Change	Task Force Formula	Parity Adjustment	Other Adjustments	Total Increase	Percent Change
Alpena	4,904,800	122,600	2.5%	110,400	55,700	125,700	291,800	5.9%
Bay de Noc	4,949,900	123,700	2.5%	121,300	53,800	121,400	296,500	6.0%
Delta	13,309,200	332,700	2.5%	366,400	150,500		516,900	3.9%
Glen Oaks	2,235,500	55,900	2.5%	57,900	25,200		83,100	3.7%
Gogebic	4,044,400	101,100	2.5%	81,800	46,000	258,500	386,300	9.6%
Grand Rapids	16,707,300	417,700	2.5%	421,700	189,300		611,000	3.7%
Henry Ford	20,330,000	508,300	2.5%	476,400	230,700		707,100	3.5%
Jackson	11,235,100	280,900	2.5%	253,700	127,700		381,400	3.4%
Kalamazoo Valley	11,518,600	288,000	2.5%	305,900	130,300		436,200	3.8%
Kellogg	9,037,500	225,900	2.5%	226,300	102,400		328,700	3.6%
Kirtland	2,749,100	68,700	2.5%	78,500	31,100		109,600	4.0%
Lake Michigan	4,872,600	121,800	2.5%	115,900	55,100		171,000	3.5%
Lansing	28,890,800	722,300	2.5%	719,100	327,400		1,046,500	3.6%
Macomb	30,847,300	771,200	2.5%	764,300	349,300		1,113,600	3.6%
Mid Michigan	4,110,400	102,800	2.5%	102,600	46,600		149,200	3.6%
Monroe	4,009,800	100,200	2.5%	109,500	45,300		154,800	3.9%
Montcalm	2,890,000	72,300	2.5%	72,300	32,800		105,100	3.6%
Mott	14,587,500	364,700	2.5%	350,200	165,500		515,700	3.5%
Muskegon	8,292,400	207,300	2.5%	188,000	94,200		282,200	3.4%
North Central	2,810,400	70,300	2.5%	67,800	31,900		99,700	3.5%
Northwestern	8,455,700	211,400	2.5%	187,100	96,100		283,200	3.3%
Oakland	19,485,000	487,100	2.5%	523,300	220,300		743,600	3.8%
St. Clair	6,534,700	163,400	2.5%	161,300	73,800		235,100	3.6%
Schoolcraft	11,393,400	284,800	2.5%	301,600	129,300		430,900	3.8%
Southwestern	6,121,100	153,000	2.5%	129,900	69,400		199,300	3.3%
Washtenaw	11,689,400	292,200	2.5%	373,800	131,400		505,200	4.3%
Wayne County*	15,209,100	610,900	4.0%	370,700	169,900	225,000	765,600	5.0%
West Shore	2,135,700	53,400	2.5%	51,900	24,200		76,100	3.6%
One-time supplemental payment			--					
SUBTOTAL OPERATIONS:	\$283,356,700	\$7,314,600	2.6%	\$7,089,600	\$3,205,200	\$730,600	\$11,025,400	3.9%
At Risk	3,322,700	0	0.0%				0	0.0%
Renaissance Zone	3,200,000	175,000	5.5%			175,000	175,000	5.5%
Nursing Programs	0	0	0.0%			7,000,000	7,000,000	---
TOTAL APPROPRIATION:	\$289,879,400	\$7,489,600	2.6%	\$7,089,600	\$3,205,200	\$7,905,600	\$18,200,400	6.3%
GF/GP	\$289,879,400	\$7,489,600	2.6%	\$7,089,600	\$3,205,200	\$7,905,600	\$18,200,400	6.3%

Notes:

The FY 2006-07 Year-To-Date amount reflects the restoration of retirement savings and delayed payments (Executive Order 2007-3 and 2007 PA 17).

The Governor's recommendation for Wayne County Community College includes an adjustment of \$225,000 to fully restore a \$450,000

FY 2003-04 reduction and a \$385,900 (2.5%) increase.