

LINE ITEM AND BOILERPLATE SUMMARY

COMMUNITY COLLEGES

**Fiscal Year 2005-06
Article 2, Public Act 154 of 2005
House Bill 4831**

As Enacted



Mitchell E. Bean, Director

December 2005

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December 2005

TO: Members of the Michigan House of Representatives

The House Fiscal Agency has prepared a **Line Item Summary** for each of the FY 2005-06 appropriation acts. Each **Summary** contains line-by-line detail, including the amount and purpose of each appropriation line and information regarding related boilerplate sections, for a specific appropriation act. Following the line item detail, a brief explanation of each boilerplate section in the appropriations bill is provided.

In this report, line item vetoes are presented in the following manner: appropriation amounts shown in ~~strikeout~~ are those that appear in the enrolled bill; amounts shown directly below ~~strikeout~~ amounts reflect the effect of the veto.

Line Item Summaries are available on the HFA website (www.house.mi.gov/hfa), or from Jeanne Dee, Administrative Assistant (373-8080 or jdee@house.mi.gov).

A handwritten signature in black ink that reads "Mitchell E. Bean".

Mitchell E. Bean, Director

TABLE OF CONTENTS

COMMUNITY COLLEGES.....	1
Operations	2
Grants	4
BOILERPLATE SECTION INFORMATION	5

GLOSSARY: State Budget Terms

STATE BUDGET TERMS

Gross Appropriations (Gross): The total of all applicable appropriations (statutory spending authorizations) in a budget bill.

Adjusted Gross Appropriations (Adjusted Gross): The net amount of all gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

Lapses: Appropriation amounts that are unspent/unobligated at the end of a fiscal year.. Appropriations are automatically terminated at the end of a fiscal year unless otherwise provided by law.

Work Project: A statutorily-authorized account which allows a spending authorization to be carried over from one fiscal year to a succeeding fiscal year or years— i.e., allows funds to be spent over a period of years.

APPROPRIATION BILL TERMS

Line Item: Specific funding amount in an appropriation bill which establishes spending authorization for a particular program or function (may be for a single purpose or for multiple purposes).

Boilerplate: Specific language sections in an appropriation bill which direct, limit or restrict line item expenditures, express legislative intent, and/or require reports.

REVENUE SOURCES

General Fund/General Purpose (GF/GP): Unrestricted General Fund revenue available to fund any activity accounted for in the General Fund; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

State Restricted (Restricted): State revenue restricted by state law or outside restriction that is available only for specified purposes; at year-end, unused restricted revenue remains in the restricted fund.

Federal Revenue: Federal grant or matchable revenue dedicated to specific programs.

Local Revenue: Revenue from local units of government.

Private Revenue: Revenue from non-government entities: rents, royalties or interest payments, payments from hospitals or individuals, and gifts and bequests.

Interdepartmental Grant (IDG): Revenue or funds received by one state department from another state department (usually for a service provided by the receiving department).

Intradepartmental Transfer (IDT): Transfers or funds being provided from one appropriation unit to another in the same department.

MAJOR STATE FUNDS

Budget Stabilization Fund (BSF): The countercyclical economic and budget stabilization fund; also known as the "rainy day" fund.

School Aid Fund (SAF): A restricted fund; the primary funding source for K-12 schools and Intermediate School Districts (ISDs).

General Fund: The General Fund (funded from taxes and other general revenue) is used to account for the ordinary operations of a governmental unit that are not accounted for in another fund.

COMMUNITY COLLEGES

Under the provisions of the Michigan Constitution of 1963 and Public Act 331 of 1966, 28 community colleges have been established throughout the state. These community colleges offer a full range of programs that are generally two years or less in duration—including traditional transfer programs, technical training programs, certificate programs, and customized training or retraining for employees in high-skilled positions. Colleges are funded from three major revenue streams: local property taxes, state aid, and student tuition and fees.

GROSS APPROPRIATION	\$281,327,400	Total of all applicable line item appropriations.
Total interdepartmental grants/ intradepartmental transfers	0	Total of all funds received from other departments and transfer of funds.
ADJUSTED GROSS APPROPRIATION	\$281,327,400	Total net amount of all line item gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).
Total federal revenue	0	Total federal grant or matchable revenue.
Total local revenue	0	Total revenue from local units of government.
Total private revenue	0	Total private grant revenue.
Total state restricted revenue	0	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$281,327,400	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenue.

SECTION 102: OPERATIONS

The Gast-Mathieu Fairness-in-Funding Formula has sometimes been used to allocate a portion of operational funding to community colleges. Created in FY 1984-85, the formula utilizes certain simplifying assumptions to calculate each college's need level based on audited instructional and non-instructional expenditures. Revenue received (again based on certain simplifying assumptions) from local property taxes, tuition and fees, and other sources is then deducted to determine each college's net need for state aid.

There are significant differences between the annual appropriations for each college and the colleges' net need under the Gast-Mathieu Formula because the formula has only been used to allocate funding increases, and across-the-board adjustments have been made in many budget years.

For all items in this section:

Funding Source(s): GF/GP 275,104,700

Related Boilerplate Section(s): 211, 217, 230, 231, 239, 243, 303, 304, 305

Alpena Community College	\$4,777,100	Grant to college for operations.
Bay de Noc Community College	4,618,500	Grant to college for operations.
Delta College	12,917,100	Grant to college for operations.
Glen Oaks Community College	2,167,100	Grant to college for operations.
Gogebic Community College	3,951,500	Grant to college for operations.
Grand Rapids Community College	16,247,500	Grant to college for operations.
Henry Ford Community College	19,800,700	Grant to college for operations.
Jackson Community College	10,960,800	Grant to college for operations.
Kalamazoo Valley Community College	11,183,600	Grant to college for operations.
Kellogg Community College	8,786,700	Grant to college for operations.
Kirtland Community College	2,666,800	Grant to college for operations.
Lake Michigan College	4,728,900	Grant to college for operations.
Lansing Community College	28,097,100	Grant to college for operations.
Macomb Community College	29,978,600	Grant to college for operations.
Mid Michigan Community College	3,999,100	Grant to college for operations.
Monroe County Community College	3,890,800	Grant to college for operations.
Montcalm Community College	2,814,300	Grant to college for operations.
C.S. Mott Community College	14,205,400	Grant to college for operations.
Muskegon Community College	8,083,900	Grant to college for operations.

North Central Michigan College	2,738,100	Grant to college for operations.
Northwestern Michigan College	8,248,900	Grant to college for operations.
Oakland Community College	18,910,900	Grant to college for operations.
St. Clair County Community College	6,334,300	Grant to college for operations.
Schoolcraft College	11,098,900	Grant to college for operations.
Southwestern Michigan College	5,958,000	Grant to college for operations.
Washtenaw Community College	11,280,600	Grant to college for operations.
Wayne County Community College	14,582,200	Grant to college for operations.
West Shore Community College	2,077,300	Grant to college for operations.
GROSS APPROPRIATION	\$275,104,700	Total of all applicable line items.
GENERAL FUND/ GENERAL PURPOSE	\$275,104,700	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenue.

SECTION 103: GRANTS

This section includes two grant programs through which funds are distributed to community colleges: the At-Risk Student Success Program and the Renaissance Zone Tax Reimbursement Program.

At-risk student success program	\$3,322,700	<p>Each college receives a base grant of \$40,000 from this line (a total of \$1.1 million) pursuant to section 401 of the budget article. The remaining \$2.2 million is distributed based on each college's ratio of developmental/preparatory contact hours to total contact hours over the three most recent academic years. Funds may be expended to address special needs of at-risk students or acquisition of technology-related equipment and software. To be classified as at-risk, a student must meet at least one of the following criteria: a) enrolled in at least one developmental course, b) diagnosed as learning disabled, c) require English-as-a-second-language assistance.</p> <p style="text-align: right;">Funding Source(s): GF/GP 3,322,700</p>
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Related Boilerplate Section(s): 401

Renaissance zone tax reimbursement funding	2,900,000	<p>Reimburse colleges whose districts contain renaissance zones for foregone property tax revenue related to those zones pursuant to Michigan Renaissance Zone Act (MCL 125.2692). Program funding calculated by determining taxable value of property located within the renaissance zone, adjusting that taxable value for other tax exemptions, and multiplying the adjusted taxable value by the college's millage rate.</p> <p style="text-align: right;">Funding Source(s): GF/GP 2,900,000</p>
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Related Boilerplate Section(s): 404

GROSS APPROPRIATIONS	\$6,222,700	Total of all applicable line items.
GENERAL FUND/ GENERAL PURPOSE	\$6,222,700	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenue.

BOILERPLATE SECTION INFORMATION

Sec. 201. *Payments to Locals*

Reports spending from state resources and payments to local units of government.

Sec. 202. *Management and Budget Act*

Subjects funds appropriated to the Management and Budget Act.

Sec. 203. *Internet Reporting*

Requires colleges and Department of Labor and Economic Growth (DLEG) to use the Internet to submit reports.

Sec. 208. *Entrepreneurship Curriculum*

Requires DLEG to work with community colleges to develop an accelerated entrepreneurship curriculum; requires annual report on work with colleges toward this goal.

Sec. 209. *Foreign Goods and Services*

Prohibits the use of funds to purchase foreign goods or services if American products that are competitively priced and of similar quality are available; states preferences for Michigan goods and services.

Sec. 210. *Deprived and Depressed Communities*

Encourages colleges to ensure businesses in economically distressed areas compete for and perform contracts.

Sec. 211. *Payment of Appropriations*

Provides for 11 payments per year to community colleges and directs Department of Treasury to withhold appropriations if colleges fail to submit Activities Classification Structure data by November 1, 2005.

Sec. 216. *Retirement Contributions*

Requires colleges to contribute to the Michigan Public School Employees' Retirement System.

Sec. 217. *Capital Outlay Funding*

Prohibits colleges from using state funds to pay for the construction or maintenance of a self-liquidating project.

Sec. 220. *ITEM Funding*

States legislative intent for restoration of Infrastructure, Technology, Equipment, and Maintenance (ITEM) funds and development of proposals and financing alternatives for special maintenance projects.

Sec. 224. *Collaboration with Four-Year Universities*

Encourages colleges to collaborate with four-year universities, particularly in areas of training, instruction, and program articulation.

Sec. 230. *Abortion Services*

Prohibits use of state funds by colleges for provision of health care coverage to employees or their dependents for abortion services, with certain exceptions.

Sec. 231. *Benefits to Unmarried Partners*

States legislative intent that colleges not extend employee benefits to unmarried partners of employees, except for pre- and post-natal costs.

Sec. 234. *Equal Opportunities*

Encourages colleges to promote equal opportunities and foster a diverse student body and administration.

Sec. 235. *Admission and Enrollment Workgroup*

States legislative intent that a workgroup be formed to address acceptance and application of college credits; requires report on findings and recommendations.

Sec. 236. *Tuition Reciprocity Agreements*

States legislative intent that tuition reciprocity agreements be submitted for approval by appropriations committees once every three years and that, under such agreements, out-of-state students pay the in-state, out-of-district rate.

Sec. 237. *Payments in Lieu of Taxes*

States legislative intent that a workgroup be formed to evaluate the possibility of making payments in lieu of taxes to colleges whose districts contain government-owned land.

Sec. 238. Optional Retirement Plan

States legislative intent that a workgroup be formed to evaluate the impact of expanding eligibility for the Optional Retirement Plan to include part-time faculty; requires report on findings and recommendations.

Sec. 239. University Appropriations Increases

States legislative intent that any subsequent proposal to increase appropriations for four-year universities be accompanied by similar action for community colleges.

Sec. 240. Economic Development Job Training (EDJT) Grants

States legislative intent that at least 70% of EDJT funds appropriated in the DLEG budget be awarded to community colleges.

Sec. 241. Nursing Education Programs

States legislative intent that colleges expand their nursing education programs.

Sec. 242. Performance Indicator Task Force

Requires formation of task force composed of four legislators and four community college representatives to study use of performance indicators to guide future decisions about state funding to community colleges; requires report on findings and recommendations.

Sec. 243. Possible Appropriations Increase

States legislative intent to consider increase of up to \$3.2 million for community college operations if estimate of FY 2005-06 GF/GP revenue increases at January 2006 revenue estimating conference.

Sec. 301. Manual for Uniform Financial Reporting (MUFR)

Requires that all data submitted by the colleges to determine state aid comply with MUFR published by DLEG.

Sec. 302. Prisoner Credit Hours

Excludes credit/contact hours for students incarcerated in Michigan penal institutions from enrollment data submitted by colleges.

Sec. 303. Return of Excess Funds

Requires colleges to return excess funds appropriated if audited data is significantly different than data used to determine state aid.

Sec. 304. Gast-Mathieu Formula

States legislative intent to achieve full funding of Gast-Mathieu Formula.

Sec. 305. Book Closing Funds

States that funds appropriated to colleges in FY 2005-06 budget are in addition to funds anticipated for payment at FY 2004-05 book closing, which will be recognized by the colleges in their institutional 2005-06 fiscal year.

Sec. 401. At-Risk Student Success Program

Specifies methodology used to distribute at-risk funds, amounts allocated for each college under that methodology, eligibility requirements for the program, and appropriate use of at-risk funds; requires reports to DLEG on program.

Sec. 404. Renaissance Zone Reimbursements

Provides for renaissance zone reimbursement payments to be made not less than 60 days after certification of payment amounts by Department of Treasury.

Sec. 501. Activities Classification Structure Data Book

Requires DLEG to publish Activities Classification Structure data book on or before March 1, 2006.

Sec. 502. Audits

Provides for audits of data from seven randomly-selected colleges, performance audits by the auditor general, and responses to audits by colleges.

Sec. 503. Taxonomy Review

Requires DLEG to review the taxonomy of the seven colleges randomly selected pursuant to section 502.

Sec. 504. Record Retention

Requires colleges to retain class summaries, class lists, registration documents, student transcripts, and other specified information for audit purposes.

Sec. 505. Financial Statements

Requires colleges to submit audited financial statements to various state agencies.

Sec 506. North American Indian Tuition Waiver

Requires report on number of tuition waivers granted to North American Indian students at each college.

Sec. 507. Aggregate Academic Status

Requires colleges to, upon request, inform high schools of the aggregate academic status of their students.

Sec. 508. Tuition Rate Reports

Requires colleges to report tuition/fee rates and revisions to tuition/fee rates to various state agencies.

Sec. 509. Degrees Awarded by Colleges

Requires report on the number of degrees and certificates awarded by each college.

Sec. 510. Crime Statistics

Requires colleges to make materials prepared in accordance with federal crime and campus security reporting requirements available through the Internet.

Sec. 511. On-Site Visits and Audits

States legislative intent that the frequency of on-site visits, evaluations, and audits of community colleges be limited and requires DLEG to provide a state plan under federal Perkins Act to Legislature prior to submission to U.S. Department of Education.

Sec. 513. Tax Loss Data

Requires Department of Treasury to collect, compile, and distribute data on revenue losses to colleges related to tax increment financing authorities and tax abatements.



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