

FY 2016-17: COMMUNITY COLLEGES
Summary: As Reported by House Subcommittee
House Bill 5265 (H-1) Draft 1



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	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	256,714,800	260,414,800	260,414,800			3,700,000	1.4
GF/GP	131,110,800	138,610,800	141,701,500			10,590,700	8.1
Gross	\$387,825,600	\$399,025,600	\$402,116,300			\$14,290,700	3.7

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Community Colleges budget supports the 28 public community colleges located throughout the state. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associates' degrees, career and technical education, developmental and remedial education, continuing education, and, after 2012, baccalaureate programs in a limited number of areas. The colleges are supported primarily through a combination of state aid, local property tax revenue, and tuition and fees.

Major Budget Changes From FY 2015-16 YTD Appropriations

1. Community College Operations Grants

Executive increases funding for community college operations grants by \$7.5 million GF/GP, to be distributed according to a revised performance funding formula. Shift of \$50.7 million from School Aid Fund (SAF) to GF/GP. Projected increases for individual community colleges range from 1.7% to 3.8%. Total funding would be \$318.9 million (\$133.5 million GF/GP).

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Gross	\$311,492,000	\$10,590,700
Restricted	236,181,200	(\$50,700,000)
GF/GP	\$75,310,800	\$61,290,700

House increases operations grant funding by \$10.6 million (3.4%), to be distributed under the revised performance funding formula created by the 2015 Performance Funding Task Force. Projected increases for individual colleges range from 2.7% to 4.9%. Total funding would be \$322.1 million: \$185.5 million School Aid Fund (SAF), \$136.6 million GF/GP.

2. Michigan Public School Employees' Retirement System (MPSERS)

Executive provides additional \$3.7 million SAF for the state's share of colleges' unfunded liability to MPSERS, bringing total funding to \$73.2 million SAF. There is a \$56 million increase of SAF, used to account for the \$3.7 million increase and an offset of a \$52.3 million GF/GP reduction. The state's share is the difference between the actuarial accrued liability to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement act (MCL 38.1341). House concurs.

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Gross	\$69,500,000	\$3,700,000
Restricted	17,200,000	56,000,000
GF/GP	\$52,300,000	(\$52,300,000)

3. Renaissance Zone Reimbursements

Executive replaces \$1.6 million SAF reduction with \$1.6 million GF/GP increase, resulting in entire \$5.1 million reimbursement program funded by GF/GP. House concurs.

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Gross	\$5,100,000	\$0
Restricted	1,600,000	(1,600,000)
GF/GP	\$3,500,000	\$1,600,000

Major Boilerplate Changes From FY 2015-16

Sec. 206. Community Colleges Activities Classification Structure (ACS) Data – REVISED

Executive requires Michigan community colleges to report ACS data to the Center for Educational Performance and Information (CEPI). House concurs.

Major Boilerplate Changes From FY 2015-16

Sec. 208. Self-Liquidating Projects – RETAINED

Prohibits colleges from using state funds for construction or maintenance of self-liquidating projects. Requires colleges to comply with Joint Capital Outlay Subcommittee (JCOS) use and finance policy for any capital outlay project. Subjects colleges that fail to comply with a penalty of 1% of the operations funding for each violation. Executive deletes. House retains.

Sec. 209. Community College Transparency – REVISED

Executive deletes from college transparency reporting requirements a requirement to post the estimated cost resulting from the Affordable Care Act. Also deletes a provision authorizing state budget director to withhold payment from a college that failed to comply with the reporting requirements. House concurs.

Sec. 210b. Colleges and Universities Transfer Agreement – REVISED

Executive deletes legislative intent language and revises to require the Michigan Community College Association and the Michigan Association of State Universities issue a report on the implementation of the transfer agreement between community colleges and state universities. House revises language to require report on the implementation of the transfer agreement.

Sec. 210c. Block Transfer Study Committee – REVISED

Establishes study committee to develop a process to improve the transferability and applicability of associates' degrees as a block of credits between community colleges and public universities on a statewide basis. Executive deletes. House revises language to require the Michigan Community College Association and the Michigan Association of State Universities to issue a report on progress of implementing the study committee findings and recommendations.

Sec. 212. Cost Containment Initiatives – RETAINED

Encourages colleges to evaluate and pursue efficiency and cost-containment measures, including joint ventures, consolidating services, program collaboration, increasing web-based instruction, improving energy efficiency, eliminating low-volume/high-cost instructional programs, self-insurance and group purchasing. Executive deletes. House retains.

Sec. 217. Activities Classification Structure (ACS) Data – REVISED

Executive changes responsibility of drafting the ACS report from the Workforce Development Agency to the Center for Educational Performance and Information (CEPI). House concurs.

Sec. 223. North American Indian Tuition Waiver – REVISED

Requires colleges to report to WDA on number and monetary value of Indian tuition waivers granted in previous fiscal year. House revises to require colleges to report to the Department of Civil Rights on number of applications received and approved, number and monetary value of waivers, number of waiver students who withdraw, and the number of waiver students who completed a degree or certificate program.

Sec. 227. Community College Automobile Purchases – RETAINED

Forbids lease or purchase of foreign-made vehicles if vehicles made in Michigan or elsewhere in the U.S. are competitively priced and of comparable quality. Executive deletes. House retains.

Sec. 228. Communication with the Legislature – RETAINED

Forbids a community college from taking disciplinary action against an employee for communicating with the legislature. Executive deletes. House retains.

Sec. 229a. State Building Authority (SBA) Rent Payments – REVISED

Executive updates itemized list of community college capital outlay projects on which the state will pay SBA rent in FY 2016-17. Funding for SBA rent is appropriated under the General Government budget. House concurs.

Sec. 230. Performance Funding Formula – REVISED

Executive modifies the formula for distributing performance-based funding: reduces the across-the-board adjustment from 50% to 30%, increases the contact hours component from its current 10% unweighted to 30% weighted for health and technology/industrial fields, increases the performance based component from its current 17.5% based on weighted degree and certificate completions to 20%, adds 10% for completion improvement, reduces the local strategic value component from 15% to 5% and lowers the administrative costs component from 7.5% to 5%.

House modifies the formula according to the recommendations from the 2015 Performance Task Force: reduces the across-the-board adjustment from 50% to 30%, increases the contact hours component from its current 10% unweighted to 30% weighted for health and technology/industrial fields, adds 10% for completion performance improvement, adds 10% for performance completion number, adds 10% for performance completion rate, reduces the local strategic value component from 15% to 5% and lowers the administrative costs component from 7.5% to 5%.

Sec. 230a. Performance Indicators Task Force– DELETED

Requires creation by October 15, 2015 of a task force to make recommendations on community college performance metrics with a report due January 15, 2016. Executive deletes. House concurs.

New Money: \$10,590,700 30% 10% 10% 10% 30% 5% 5% 100%

	FY 2015-16 Base	Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Performance Funding	% Change from FY16	FY 2016-17 Appropriation
Alpena	\$5,464,400	\$55,737	\$57,697	\$11,699	\$14,863	\$27,475	\$16,416	\$9,289	\$193,200	3.5%	\$5,657,600
Bay de Noc	\$5,490,200	\$56,000	\$14,933	\$14,511	\$29,441	\$33,480	\$12,403	\$9,333	\$170,100	3.1%	\$5,660,300
Delta	\$14,704,000	\$149,980	\$40,143	\$71,892	\$39,995	\$139,971	\$23,322	\$24,997	\$490,300	3.3%	\$15,194,300
Glen Oaks	\$2,551,100	\$26,021	\$6,939	\$9,020	\$21,539	\$17,913	\$487	\$4,337	\$86,300	3.4%	\$2,637,400
Gogebic	\$4,509,900	\$46,001	\$36,150	\$7,774	\$31,546	\$20,921	\$13,372	\$7,667	\$163,400	3.6%	\$4,673,300
Grand Rapids	\$18,187,300	\$185,510	\$60,919	\$54,306	\$49,469	\$228,409	\$24,043	\$30,918	\$633,600	3.5%	\$18,820,900
Henry Ford	\$21,893,300	\$223,311	\$63,571	\$49,381	\$74,181	\$207,878	\$24,915	\$37,219	\$680,500	3.1%	\$22,573,800
Jackson	\$12,245,300	\$124,902	\$35,483	\$33,050	\$48,472	\$83,867	\$19,962	\$20,817	\$366,500	3.0%	\$12,611,800
Kalamazoo Valley	\$12,689,400	\$129,432	\$34,516	\$42,881	\$49,233	\$140,259	\$26,204	\$21,572	\$444,100	3.5%	\$13,133,500
Kellogg	\$9,950,100	\$101,491	\$27,064	\$30,899	\$41,134	\$88,209	\$25,028	\$16,915	\$330,700	3.3%	\$10,280,800
Kirtland	\$3,221,500	\$32,859	\$8,762	\$11,548	\$8,762	\$30,424	\$18,807	\$5,477	\$116,600	3.6%	\$3,338,100
Lake Michigan	\$5,417,700	\$55,260	\$15,173	\$13,624	\$14,736	\$58,496	\$14,152	\$9,210	\$180,600	3.3%	\$5,598,300
Lansing	\$31,288,200	\$319,139	\$85,104	\$98,979	\$99,364	\$255,487	\$25,543	\$53,190	\$936,800	3.0%	\$32,225,000
Macomb	\$33,239,500	\$339,042	\$90,411	\$104,046	\$104,580	\$344,160	\$26,007	\$56,507	\$1,064,800	3.2%	\$34,304,300
Mid-Michigan	\$4,757,700	\$48,528	\$16,264	\$23,228	\$12,941	\$59,752	\$14,972	\$8,088	\$183,800	3.9%	\$4,941,500
Monroe County	\$4,565,600	\$46,569	\$12,418	\$16,171	\$12,418	\$52,171	\$23,556	\$7,761	\$171,100	3.7%	\$4,736,700
Montcalm	\$3,280,600	\$33,462	\$32,419	\$10,501	\$24,132	\$26,016	\$18,321	\$5,577	\$150,400	4.6%	\$3,431,000
Mott	\$15,901,700	\$162,197	\$51,626	\$52,315	\$43,253	\$155,900	\$22,405	\$27,033	\$514,700	3.2%	\$16,416,400
Muskegon	\$9,020,700	\$92,011	\$66,020	\$18,539	\$24,536	\$70,168	\$25,946	\$15,335	\$312,600	3.5%	\$9,333,300
North Central	\$3,224,800	\$32,893	\$28,894	\$11,180	\$24,627	\$32,929	\$21,833	\$5,482	\$157,800	4.9%	\$3,382,600
Northwestern	\$9,200,500	\$93,845	\$31,877	\$24,351	\$25,025	\$71,324	\$20,710	\$15,641	\$282,800	3.1%	\$9,483,300
Oakland	\$21,429,400	\$218,579	\$58,288	\$84,469	\$58,288	\$349,042	\$16,958	\$36,430	\$822,100	3.8%	\$22,251,500
Schoolcraft	\$12,706,400	\$129,605	\$36,630	\$57,363	\$50,009	\$170,408	\$22,786	\$21,601	\$488,400	3.8%	\$13,194,800
Southwestern	\$6,657,600	\$67,907	\$18,109	\$12,633	\$18,109	\$43,233	\$8,939	\$11,318	\$180,200	2.7%	\$6,837,800
St. Clair	\$7,158,000	\$73,011	\$20,367	\$20,285	\$35,329	\$65,886	\$16,717	\$12,169	\$243,800	3.4%	\$7,401,800
Washtenaw	\$13,301,100	\$135,671	\$45,830	\$98,309	\$50,222	\$185,053	\$22,891	\$22,612	\$560,600	4.2%	\$13,861,700
Wayne County	\$16,989,800	\$173,296	\$52,994	\$69,835	\$46,212	\$198,614	\$18,486	\$28,883	\$588,300	3.5%	\$17,578,100
West Shore	\$2,446,200	\$24,951	\$10,472	\$6,283	\$6,654	\$19,763	\$4,353	\$4,159	\$76,600	3.1%	\$2,522,800
Total	\$311,492,000	\$3,177,210	\$1,059,070	\$1,059,070	\$1,059,070	\$3,177,210	\$529,535	\$529,535	\$10,590,700	3.4%	\$322,082,700

Notes:

1. The performance improvement metric utilizes improvements in six-year average rates completions for each college from 2007 and 2008 cohorts. Completions metric includes certificates, degrees and transf
2. Calculations for performance completion number are based on data from IPEDS.
3. Calculations for performance completion rate are based on data provided to the Governor's dashboard on completion rates and utilizes six year completions for each college from 2007 and 2008 cohorts.
4. Calculations for weighted contact hours are based on data provided by the Workforce Development Agency from FY 2014.
5. Adjusted Administrative Cost data are preliminary data provided by the Workforce Development Agency.