

# FY 2023-24: COMMUNITY COLLEGES

## Summary: As Reported by House Appropriations Committee House Bill 4303 (H-1)



Analyst: Perry Zielak

IDG/IDT	FY 2022-23 YTD as of 2/8/23	FY 2023-24 Executive	FY 2023-24 House	FY 2023-24 Senate	FY 2023-24 Conference	Difference: House From FY 2022-23 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$	\$	\$0	--
Federal	81,200,000	0	10,000,000			(71,200,000)	(87.7)
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	448,558,000	492,593,200	494,451,700			45,893,700	10.2
GF/GP	0	0	0			0	--
<b>Gross</b>	<b>\$529,758,000</b>	<b>\$492,593,200</b>	<b>\$504,451,700</b>	<b>\$</b>	<b>\$</b>	<b>(\$25,306,300)</b>	<b>(4.8)</b>

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Overview

The Community Colleges budget, contained in Article II of the compiled School Aid Act, provides funding for operational support of the 28 public community colleges located throughout the state and some retirement costs for employees who participate in the state public school employee retirement system. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associate degrees, career and technical education, developmental and remedial education, continuing education, and 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 2022-23 YTD Appropriations

#### 1. Community College Operations Increase

Executive includes a net increase of \$13.2 million SAF for community college operations, a 3.9% increase. This includes:

- \$13.6 million SAF, or 4.0%, increase to operations grants for community colleges, which would be distributed through the performance funding formula.
- \$413,700 SAF decrease based on FY 2021-22 North American Indian Tuition Waiver (ITW) program costs reported by institutions.

Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 4.5% or \$205. Projected funding increases for individual community colleges would range from 2.3% to 5.7%. Total funding for operations would be \$354.4 million SAF.

House includes a net increase of \$15.0 million SAF for community college operations, a 4.4% increase. This includes:

- \$15.3 million SAF, or 4.5%, increase to operations grants for community colleges, which would be distributed through the performance funding formula.
- \$254,400 SAF decrease based on FY 2021-22 North American Indian Tuition Waiver (ITW) program costs reported by institutions.

Projected funding increases for individual community colleges would range from 3.7% to 6.4%. Total funding for operations would be \$356.3 million SAF.

	FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 House Change
<b>Gross</b>	<b>\$341,224,400</b>	<b>\$15,038,200</b>
Restricted	341,224,400	15,038,200
GF/GP	\$0	\$0

<b>Major Budget Changes from FY 2022-23 YTD Appropriations</b>		<b>FY 2022-23 Year-to-Date (as of 2/8/23)</b>	<b>FY 2023-24 House Change</b>	
<b>2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment</b>		<b>Gross</b>	<b>\$92,600,000</b>	<b>\$13,200,000</b>
<u>Executive</u> increases funding by \$13.2 million SAF for the state's share of community colleges' MPERS UAAL, a 14.3% increase. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement Act (MCL 38.1341). Total funding for the state share of MPERS would be \$105.8 million SAF. <u>House</u> concurs.		Restricted	92,600,000	13,200,000
		GF/GP	\$0	\$0
<b>3. MPERS Offset</b>		<b>Gross</b>	<b>\$1,733,600</b>	<b>\$5,455,400</b>
<u>Executive</u> increases funding by \$5.5 million SAF for the community colleges' MPERS offset payment, a 314.7% increase, which assists in offsetting a portion of the contributions owed to MPERS by community colleges. The increase would equalize the offset for community colleges with the K-12 school district MPERS offset. Total funding for the MPERS offset would be \$7.2 million SAF. <u>House</u> concurs.		Restricted	1,733,600	5,455,400
		GF/GP	\$0	\$0
<b>4. MPERS Normal Cost Offset</b>		<b>Gross</b>	<b>\$10,800,000</b>	<b>\$12,200,000</b>
<u>Executive</u> increases funding by \$12.2 million SAF for the community colleges' MPERS normal cost offset, a 113.0% increase, due to lowering the assumed rate of return from 6.8% to 6.0% pursuant to the dedicated gains policy. Total funding for the MPERS normal cost offset would be \$23.0 million SAF. <u>House</u> concurs.		Restricted	10,800,000	12,200,000
		GF/GP	\$0	\$0
<b>5. Career and Education Navigators for Adult Learners</b>		<b>Gross</b>	<b>\$0</b>	<b>\$5,000,000</b>
<u>House</u> adds \$5.0 million federal Coronavirus State Fiscal Recovery Fund (SFRF) for career and education navigators for adult learners. Counties would apply for grant funding through the Office of Sixty by 30 in the Department of Labor and Economic Opportunity (LEO) to supplement or create career and education navigators. Total funding for Career and Education Navigators for Adult Learners would be \$5.0 million Gross.		Federal	0	5,000,000
		GF/GP	\$0	\$0
<b>6. Michigan Reconnect Entry Point Program</b>		<b>Gross</b>	<b>\$0</b>	<b>\$5,000,000</b>
<u>House</u> adds \$5.0 million federal SFRF for the Michigan Reconnect Entry Point program. Counties and community colleges would apply for grant funding through the Office of Sixty by 30 in LEO to engage applicants who have been approved for Reconnect funding but have not enrolled in an eligible program. Total funding for the Michigan Reconnect Entry Point program would be \$5.0 million Gross.		Federal	0	5,000,000
		GF/GP	\$0	\$0
<b>7. Community College Campus Security and Safety Upgrades</b>		<b>Gross</b>	<b>\$0</b>	<b>\$100</b>
<u>House</u> adds \$100 SAF placeholder for campus security and safety upgrades at community colleges.		Restricted	0	100
		GF/GP	\$0	\$0
<b>8. Michigan Associate Degree in Nursing (ADN) to Bachelor of Science in Nursing (BSN) Completion Grant Program</b>		<b>Gross</b>	<b>\$56,000,000</b>	<b>(\$56,000,000)</b>
<u>Executive</u> removes \$56.0 million federal SFRF for the Michigan ADN to BSN Completion Grant program. The program allows nurses with an ADN or similar degree to pursue a BSN degree on a community college campus in partnership with a public or independent 4-year college or university BSN-granting program. <u>House</u> concurs.		Federal	56,000,000	(56,000,000)
		GF/GP	\$0	\$0

<b><u>Major Budget Changes from FY 2022-23 YTD Appropriations</u></b>		<b>FY 2022-23 Year-to-Date (as of 2/8/23)</b>	<b>FY 2023-24 House Change</b>
<b>9. Community College Academic Catch-up Program</b>	<b>Gross</b>	<b>\$10,000,000</b>	<b>(\$10,000,000)</b>
<u>Executive</u> removes \$10.0 million federal SFRF for the creation of the Community College Academic Catch-up program administered by the Michigan Community College Association. Community colleges may apply for grant funding to support various summer educational programs for students suffering from potential learning loss related to the COVID-19 pandemic. <u>House</u> concurs.	Federal	10,000,000	(10,000,000)
	GF/GP	\$0	\$0
<b>10. Michigan Center for Adult College Success</b>	<b>Gross</b>	<b>\$9,200,000</b>	<b>(\$9,200,000)</b>
<u>Executive</u> removes \$9.2 million federal SFRF for the creation of the Michigan Center for Adult College Success administered by the nonprofit organization TalentFirst. The Center works on ensuring adult enrollment and completion of college degree and certificate programs. <u>House</u> concurs.	Federal	9,200,000	(9,200,000)
	GF/GP	\$0	\$0
<b>11. Michigan Reconnect Program Short-Term Training Grants</b>	<b>Gross</b>	<b>\$6,000,000</b>	<b>(\$6,000,000)</b>
<u>Executive</u> removes \$6.0 million federal SFRF for the Michigan Reconnect program short-term training grants. Funds support skills scholarships to a qualified occupational or private training program for individuals at least 21 years old with a high school or equivalent diploma. <u>House</u> concurs.	Federal	6,000,000	(6,000,000)
	GF/GP	\$0	\$0

### **Major Boilerplate Changes from FY 2022-23**

#### **Consolidation of Boilerplate Reporting Requirements**

Executive consolidates various reporting requirements in a new Section 217a. The affected current-year boilerplate sections include Sections 206, 209 (also removes reporting on current fiscal year budget and dual enrollment programs), 209a, and 215. House concurs with minor revisions.

#### **Sec. 210h. Community College COVID-19 Vaccination Exemption Requirement – DELETED**

Executive deletes language that details exemptions and reporting requirements that community colleges must provide to students and employees if a campus mandatory vaccine policy is implemented. House concurs.

#### **Sec. 216. Michigan Reconnect Program Short-Term Training Grants – DELETED**

Executive deletes language that details that Michigan Reconnect program funds for short-term training grants must be expended according to statutory requirements while funding the short-term training grants to include all individuals at least 21 years old; requires LEO to report on funds expended on a quarterly basis; and designates unexpended funds as a work project. House concurs.

#### **Sec. 216a. Community College Academic Catch-Up Program Detail – DELETED**

Executive deletes language that details the requirements the Michigan Community College Association must follow when awarding academic catchup program grants to individual community colleges through a committee review process, and the requirements community colleges must follow when creating an academic catch-up program in order to receive grant funding. House concurs.

#### **Sec. 216b. Michigan ADN to BSN Completion Grant Program Detail – DELETED**

Executive deletes language that details the requirements community colleges must follow when creating ADN to BSN partnerships with public and private four-year college and university BSN-granting programs, along with details on what program grant funding can be used for; requires annual assessment by the Michigan Community College Association, the Michigan Association of State Universities, Michigan Independent Colleges and Universities and participating community colleges and four-year colleges and universities; and designates unexpended funds as a work project. House concurs.

#### **Sec. 217a. Community College Annual Reporting Requirements – NEW**

Executive adds language originally located in Sections 206, 209, 209a, and 215 that details various annual reporting requirements around finances, safety, Title IX, and institutional data. Specifies the state budget director may withhold monthly installments until all reports and data are submitted. House concurs but also incorporates financial aid website requirement from Section 226a.

## **Major Boilerplate Changes from FY 2022-23**

### ***Sec. 217b. Community College Tuition and Fee Restraint and Annual Rate Report – NEW***

Executive adds language originally located in Sections 225 and 230 that requires community colleges to report tuition and fee rates, the annual cost of tuition and fees for a 30 credit course load, and tuition and fee increases from the prior year to CEPI by the last business day of August; details tuition restraint requirements in order to receive performance funding for FY 2023-24; community colleges must limit in-district tuition and fee increases to 4.5% or \$205, whichever is greater. Defines the term "fee" to include the cost of any charges paid by more than half of all resident students. Defines the term "tuition and fee rate" to be the average cost charged to the majority of students for the 2 semesters with the highest amount of full-time equated students during an academic year. Specifies community colleges that violate the tuition restraint cap may have their appropriation adjusted. House concurs but does not include requirement tying the tuition restraint cap to receiving performance funding and does not include tuition restraint cap violation language.

### ***Sec. 219. Reporting to the P-20 Longitudinal Data System – REVISED***

Requires each community college to provide its P-20 longitudinal data system data for the preceding academic year to CEPI by October 15. Executive adds language originally located in Sections 224 and 226 that requires community colleges provide CEPI data for the P-20 longitudinal data system in order to inform interested high schools of the aggregate academic status of their students and requires community colleges to report by October 15 to CEPI the numbers and types of associate degrees and other certificates awarded by each college. Adds language originally located in Section 226a requiring community colleges to link to Department of Treasury website on student financial aid. House concurs but relocates financial aid website requirement to Section 217a.

### ***Sec. 223. North American Indian Tuition Waiver Reporting Requirements – REVISED***

Requires community colleges and tribal colleges receiving North American Indian tuition waiver funding to report to the Department of Civil Rights on the number of North American Indian tuition waiver applications received and approved, the number and monetary value of the waivers, the number of students with waivers who withdrew from school, and the number of students with waivers who completed a degree or certificate program. House adds the number of students who transfer to a four-year university and the number of students who receive a waiver to reporting requirements.

### ***Sec. 224. Community College Student Aggregate Data Report – DELETED***

Requires community colleges to provide CEPI data for the P-20 longitudinal data system in order to inform interested high schools of the aggregate academic status of their students. Executive relocates requirements of section to Section 219. House concurs.

### ***Sec. 225. Community College Tuition and Fee Rate Report – DELETED***

Requires community colleges to report tuition and fee rates, the annual cost of tuition and fees for a 30 credit course load, and tuition and fee increases from the prior year to CEPI by the last business day of August. CEPI will then provide the information to various state agencies. Executive relocates requirements of section to Section 217b. House concurs.

### ***Sec. 226. Degrees and Certificates Awarded by Community Colleges – DELETED***

Requires community colleges to report by October 15 to CEPI the numbers and types of associate degrees and other certificates awarded by each college. Executive relocates requirements of section to Section 219. House concurs.

### ***Sec. 226a. Student Loan and Financial Aid Website – DELETED***

Requires community colleges to post a link on their homepage to the website created by the Department of Treasury containing various student loan and other financial aid information. Executive relocates requirements of section to Section 219. House relocates requirements to Section 217a.

### ***Sec. 226b. COVID-19 Federal Funding Reporting Requirement – DELETED***

Executive deletes language that requires community colleges to report all federal funding received related to the COVID-19 pandemic and requires report to be posted on a public website. House concurs.

### ***Sec. 226d. Free and Open Speech Policies Reporting Requirement – DELETED***

Executive deletes legislative intent language that requires community colleges to report on activities related to strategic planning or assessment of policies that provide for open and free speech while protecting students from hate speech and discrimination. House concurs.

### ***Sec. 226g. Campus Advocacy Policy – DELETED***

Executive deletes legislative intent language that requires community colleges to adopt advocacy policies for distribution and demonstrations around first amendment activities and political speech. House concurs.

### ***Sec. 227. College Level Equivalent Credit Examination Requirements – DELETED***

Executive deletes language that requires community colleges to develop and implement policies for awarding academic credit for college level equivalent credit examinations, allow students to earn college credit through exams once enrolled, post the policies and opportunities for credit examinations and submit a report if the college requires exam scores higher than those recommended by the American Council on Education to earn credit through examinations. House concurs.

### **Major Boilerplate Changes from FY 2022-23**

#### **Sec. 227a. Accelerated Degree Completion Pathways Requirement – DELETED**

Executive deletes language that requires community colleges to provide all students with information on accelerated degree completion pathways within the first semester of enrollment, post the information on a public website and create accelerated degree completion pathways if they do not exist. House concurs.

#### **Sec. 228. Communication with the Legislature – DELETED**

Executive deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature. House concurs.

#### **Sec. 230. Performance Formula Detail, Local Strategic Value Categories, Tuition and Fee Restraint, and Formula Workgroup – REVISED**

States the formula by which the amount available for performance funding (which is the amount of the annual increase in funding for community college operations) is allocated. Lists requirements for the local strategic value categories. States that community colleges must participate and submit semi-annual updates to the Michigan Transfer Network to receive performance funding payments. Details tuition restraint requirements in order to receive performance funding. Details language requiring a workgroup consisting of members from the House, Senate, Executive, Michigan Community College Association, community colleges, and support staff to evaluate the performance formula and equitable community college funding measures and produce recommendations by December 15, 2022. Executive relocates tuition and fee restraint requirements and definitions to Section 217b and deletes workgroup language. House concurs.

**FY 2023-24 Community Colleges Operations Appropriations  
As Reported by House Appropriations Committee**

% of Formula:	FY 2022-23			30%	10%	10%	10%	30%	5%	5%	100%	FY 2022 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	Total Indian Tuition Waiver Payment	FY 2023-24 Appropriation	% Change
	Total FY 2022-23 Appropriation	Indian Tuition Waiver Payment	FY 2022-23 Base Appropriation													
Alpena	\$6,040,500	\$13,700	\$6,026,800	\$81,361	\$21,696	\$18,751	\$40,110	\$41,177	\$29,786	\$13,560	\$246,400	\$26,500	12,800	\$26,500	\$6,299,700	4.3%
Bay de Noc	5,986,700	109,700	5,877,000	79,339	27,963	17,348	40,575	55,414	43,619	13,223	277,500	113,900	4,200	113,900	6,268,400	4.7%
Delta	15,928,400	40,200	15,888,200	214,489	63,514	70,513	57,197	199,132	38,090	35,748	678,700	48,200	8,000	48,200	16,615,100	4.3%
Glen Oaks	2,802,100	0	2,802,100	37,828	10,087	10,840	29,968	28,091	89	6,305	123,300	0	0	0	2,925,400	4.4%
Gogebic	5,145,800	42,500	5,103,300	68,894	25,307	10,121	40,249	29,944	17,785	11,482	203,800	37,900	(4,600)	37,900	5,345,000	3.9%
Grand Rapids	19,950,600	184,400	19,766,200	266,842	71,158	101,630	88,527	365,474	32,235	44,474	970,300	122,000	(62,400)	122,000	20,858,500	4.6%
Henry Ford	23,731,400	31,300	23,700,100	319,949	128,554	129,362	85,320	360,120	30,092	53,325	1,106,700	14,100	(17,200)	14,100	24,820,900	4.6%
Jackson	13,337,700	42,600	13,295,100	179,482	47,862	37,993	47,862	133,825	26,181	29,914	503,100	33,300	(9,300)	33,300	13,831,500	3.7%
Kalamazoo Valley	13,832,700	56,600	13,776,100	185,976	49,594	56,007	68,109	208,500	36,033	30,996	635,200	57,500	900	57,500	14,468,800	4.6%
Kellogg	10,781,400	27,000	10,754,400	145,183	38,716	46,360	56,685	116,094	36,123	24,197	463,400	21,000	(6,000)	21,000	11,238,800	4.2%
Kirtland	3,601,000	23,100	3,577,900	48,301	12,880	16,225	12,880	46,506	30,877	8,050	175,800	19,800	(3,300)	19,800	3,773,500	4.8%
Lake Michigan	5,990,800	12,400	5,978,400	80,708	61,959	21,680	21,522	89,187	17,144	13,451	305,700	3,600	(8,800)	3,600	6,287,700	5.0%
Lansing	34,339,200	110,300	34,228,900	462,087	142,342	123,416	141,910	339,503	27,973	77,014	1,314,200	63,500	(46,800)	63,500	35,606,600	3.7%
Macomb	35,950,400	38,500	35,911,900	484,807	153,795	128,029	147,590	527,915	28,171	80,801	1,551,100	26,500	(12,000)	26,500	37,489,500	4.3%
Mid Michigan	5,555,700	97,600	5,458,100	73,684	26,655	19,505	19,649	84,902	19,629	12,281	256,300	55,600	(42,000)	55,600	5,770,000	3.9%
Monroe County	5,005,000	1,400	5,003,600	67,548	34,246	20,452	18,013	72,589	28,917	11,258	253,000	2,100	700	2,100	5,258,700	5.1%
Montcalm	3,767,400	8,500	3,758,900	50,745	20,172	19,610	13,532	37,948	27,974	8,457	178,400	9,500	1,000	9,500	3,946,800	4.8%
Mott	17,127,100	28,800	17,098,300	230,825	61,553	60,217	61,553	143,308	28,101	38,471	624,000	31,500	2,700	31,500	17,753,800	3.7%
Muskegon	9,775,400	42,000	9,733,400	131,400	48,264	34,204	53,583	107,551	32,833	21,900	429,700	12,700	(29,300)	12,700	10,175,800	4.1%
North Central	3,779,800	163,900	3,615,900	48,814	46,113	17,751	31,096	49,029	26,651	8,136	227,600	142,200	(21,700)	142,200	3,985,700	5.4%
Northwestern	10,162,300	155,500	10,006,800	135,091	42,636	32,485	55,135	106,658	25,301	22,515	419,800	177,000	21,500	177,000	10,603,600	4.3%
Oakland	23,505,300	35,800	23,469,500	316,836	84,490	128,310	104,301	419,904	31,046	52,806	1,137,700	22,300	(13,500)	22,300	24,629,500	4.8%
Schoolcraft	13,960,700	21,200	13,939,500	188,182	60,159	75,179	50,182	260,532	29,508	31,364	695,100	30,700	9,500	30,700	14,665,300	5.0%
Southwestern	7,359,900	27,100	7,332,800	98,992	48,984	16,716	47,476	60,013	26,359	16,499	315,000	12,700	(14,400)	12,700	7,660,500	4.1%
St. Clair County	7,805,200	18,600	7,786,600	105,118	39,941	44,571	47,448	104,498	22,353	17,520	381,400	16,000	(2,600)	16,000	8,184,000	4.9%
Washtenaw	14,875,000	23,700	14,851,300	200,491	77,560	198,823	72,840	346,541	37,069	33,415	966,700	12,700	(11,000)	12,700	15,830,700	6.4%
Wayne County	18,384,700	8,600	18,376,100	248,075	66,153	63,304	66,153	227,228	23,232	41,346	735,500	4,600	(4,000)	4,600	19,116,200	4.0%
West Shore	2,742,200	21,200	2,721,000	36,733	16,907	9,858	9,796	26,197	11,459	6,122	117,200	14,400	(6,800)	14,400	2,852,600	4.0%
	<b>\$341,224,400</b>	<b>\$1,386,200</b>	<b>\$339,838,200</b>	<b>\$4,587,780</b>	<b>\$1,529,260</b>	<b>\$1,529,260</b>	<b>\$1,529,260</b>	<b>\$4,587,780</b>	<b>\$764,630</b>	<b>\$764,630</b>	<b>\$15,292,600</b>	<b>\$1,131,800</b>	<b>(\$254,400)</b>	<b>\$1,131,800</b>	<b>\$356,262,600</b>	<b>4.4%</b>

Data Notes	
Component	Years
Performance improvement	FYs 2019-2021
Performance completion number	FYs 2019-2021
Performance completion rate	FYs 2019-2021
Contact hours	FY 2022
Administrative	FYs 2021-2022