

**Summary: Executive Budget Recommendation
for Fiscal Year 2020-21
COMMUNITY COLLEGES**



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	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 Vs. FY 2019-20	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	414,719,000	433,792,400	19,073,400	4.6
GF/GP	0	0	0	--
Gross	\$414,719,000	\$433,792,400	\$19,073,400	4.6

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (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, 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 2019-20 Year-to-Date (YTD) Appropriations		FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
1. Community Colleges Operations Increase	Gross	\$325,473,400	\$8,091,400
Increases funding by \$8.1 million School Aid Fund (SAF) to increase operations grants to community colleges by 2.5%, which would be distributed through the performance formula. Attainment of the increase, labeled performance funding, would be conditioned on restraining in-district undergraduate tuition and fee increases to 4.25%. Projected increases for individual community colleges range from 2.0% to 5.2%. Total funding for operations would be \$333.6 million SAF.	Restricted	325,473,400	8,091,400
	GF/GP	\$0	\$0
2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$73,100,000	\$10,800,000
Increases funding by \$10.8 million SAF for the state's share of community colleges' UAAL to MPERS, a 14.8% increase, due to implementing recommendations made by the 2018 Actuarial Experience Study. 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 \$83.9 million SAF.	Restricted	73,100,000	10,800,000
	GF/GP	\$0	\$0
3. MPERS Normal Cost Offset	Gross	\$12,212,000	\$182,000
Increases funding by \$182,000 SAF for the community colleges' normal cost portion, a 1.5% increase, which would cover the cost to lower the assumed rate of return for MPERS from 7.05% to 6.8% due to the dedicated gains policy. Total funding for the MPERS Normal Cost Offset would be \$12.4 million SAF.	Restricted	12,212,000	182,000
	GF/GP	\$0	\$0

Major Boilerplate Changes from FY 2019-20

Sec. 201a. FY 2020-21 Appropriations – DELETED

Deletes legislative intent language for FY 2020-21 appropriations to be the same as those for FY 2019-20, adjusted for caseloads, available federal funds, economic factors, and available revenue, with an estimated MPSERS FY 2020-21 payment to be \$98.5 million.

Sec. 206. Michigan Community Colleges Data Inventory (MCCDI) Data – REVISED

Provides for payment of appropriations in 11 installments per year to community colleges; directs Department of Treasury to withhold appropriations if colleges fail to submit MCCDI data, longitudinal data system data, annual independent audits, tuition and fee information, and degree and certificate award data as required. Adds language stating community colleges accrue renaissance zone payments to its fiscal year ending June 30, 2021. Deletes requirement that the State Budget Director notify the legislature before withholding funds from community colleges that fail to comply with reporting requirements.

Sec. 208. Self-Liquidating Projects – DELETED

Deletes language that prohibits colleges from using state funds for construction or maintenance of self-liquidating projects and deletes requirement that colleges comply with Joint Capital Outlay Subcommittee (JCOS) use and finance policy for any capital outlay project and subjects colleges that fail to comply to a penalty of 1% of their operations funding for each violation.

Sec. 209. Community College Transparency – REVISED

Requires colleges to post specified information on their websites, including: annual operating budgets, general fund revenue and expenditure projections, a listing of debt service obligations, collective bargaining agreements, health care benefits plans, audits and financial reports, and information on dual enrollment programs and other opportunities for earning college credit while in high school. Deletes a provision authorizing the State Budget Director to withhold a community college's monthly installment payment for failure to comply with posting specified fiscal information on a transparency website. Deletes reporting requirements around budgeted current fiscal year revenues, in addition to reporting requirements involving career and technical programs, dual enrollment and early middle college programs.

Sec. 210f. Articulation Agreements and Academic Partnerships Reporting – DELETED

Deletes language that requires the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) to report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

Sec. 212. Cost Containment Initiatives – DELETED

Deletes language that encourages community 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.

Sec. 220. Performance Audits – DELETED

Deletes language that explicitly authorizes performance audits by the auditor general and requires audited colleges to report audit responses to the legislature, the fiscal agencies, the Auditor General and the State Budget Director.

Sec. 225. Tuition Rate Reports – REVISED

Requires 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 August 31. Deletes language that requires community colleges to include the annual cost of attendance based on 30 credits.

Sec. 228. Communication with the Legislature – DELETED

Deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature.

Sec. 231. Community Colleges Tuition Restraint – NEW

Adds language that provides tuition restraint requirements in order to receive performance funding increase for FY 2020-21; community colleges must limit in-district tuition and fee increase to 4.25%. 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 that the State Budget Director determines if a community college has satisfied the requirements to receive performance funding and provides reports to the appropriations subcommittees and the fiscal agencies.

FY 2020-21 Community Colleges Operations Appropriations
Executive Recommendation

% of Formula:	FY 2019-20 Base	30%	10%	10%	10%	25%	5%	5%	95%	5%	Indian Tuition Waiver	Indian Tuition Adjustments	*Total Indian Tuition Waiver Payment	FY 2019-20 Appropriation	% Change	
		Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Formula Distribution	Adjustments for Lowest Taxable Value						Total Performance Funding
Alpena	\$5,753,300	\$43,150	\$11,507	\$9,594	\$19,640	\$17,420	\$15,076	\$7,192	\$123,600	\$57,400	\$181,000	\$19,300	\$0	\$19,300	\$5,953,600	3.1%
Bay de Noc	5,602,800	42,021	24,402	10,727	19,011	21,066	14,104	7,004	138,300	76,300	214,600	137,900	0	137,900	\$5,955,300	3.7%
Delta	15,160,500	113,704	38,022	36,355	38,232	87,142	14,540	18,951	346,900	0	346,900	40,900	0	40,900	\$15,548,300	2.3%
Glen Oaks	2,651,200	19,884	15,275	3,869	12,902	13,600	2,785	3,314	71,600	44,400	116,000	1,200	0	1,200	\$2,768,400	4.4%
Gogebic	4,873,700	36,553	9,747	5,273	19,372	13,501	11,679	6,092	102,200	41,500	143,700	59,800	0	59,700	\$5,077,100	2.9%
Grand Rapids	18,773,100	140,799	40,075	47,517	45,261	171,972	17,379	23,467	486,500	0	486,500	240,300	0	240,200	\$19,499,800	2.6%
Henry Ford	22,533,100	168,999	51,862	38,523	45,066	145,854	14,052	28,167	492,500	0	492,500	41,600	0	41,600	\$23,067,200	2.2%
Jackson	12,756,200	95,672	33,141	19,738	25,513	56,424	15,879	15,945	262,300	0	262,300	46,700	0	46,700	\$13,065,200	2.0%
Kalamazoo Valley	13,099,900	98,250	29,795	27,788	33,695	85,338	17,974	16,375	309,200	0	309,200	56,000	0	56,000	\$13,465,100	2.4%
Kellogg	10,267,100	77,004	20,534	23,204	29,181	53,637	17,426	12,834	233,800	0	233,800	79,400	0	79,400	\$10,580,300	2.3%
Kirtland	3,358,400	25,188	14,624	8,526	6,717	18,866	14,845	4,198	93,000	0	93,000	34,600	0	34,600	\$3,486,000	2.7%
Lake Michigan	5,702,700	42,770	29,184	11,458	19,118	36,145	8,193	7,128	154,000	0	154,000	11,300	0	11,300	\$5,868,000	2.7%
Lansing	32,852,000	246,391	74,041	71,444	73,609	146,204	16,803	41,065	669,600	0	669,600	153,900	0	153,900	\$33,675,500	2.0%
Macomb	34,276,100	257,072	74,804	73,867	76,797	238,857	17,385	42,845	781,500	0	781,500	36,000	0	36,000	\$35,093,600	2.3%
Mid-Michigan	5,184,400	38,883	10,369	16,116	18,262	36,625	11,468	6,481	138,200	132,600	270,800	140,100	0	140,100	\$5,595,300	5.1%
Monroe County	4,746,200	35,597	9,513	11,425	9,492	34,489	16,302	5,933	122,800	0	122,800	900	0	900	\$4,869,900	2.6%
Montcalm	3,570,600	26,780	9,987	9,503	7,141	16,212	15,236	4,463	89,300	52,400	141,700	5,700	0	5,700	\$3,718,000	4.0%
Mott	16,440,000	123,301	32,880	42,934	40,642	93,785	16,972	20,550	371,100	0	371,100	13,400	0	13,400	\$16,824,500	2.3%
Muskegon	9,289,100	69,669	19,381	15,081	26,675	43,905	17,119	11,611	203,400	0	203,400	77,300	0	77,300	\$9,569,800	2.2%
North Central	3,389,300	25,420	12,237	8,813	14,488	21,621	14,938	4,237	101,800	0	101,800	177,900	0	177,900	\$3,669,000	2.9%
Northwestern	9,567,100	71,754	29,279	19,155	27,273	43,974	14,021	11,959	217,400	0	217,400	246,700	0	246,700	\$10,031,200	2.2%
Oakland	22,211,700	166,589	44,424	78,664	52,097	170,727	16,615	27,765	556,900	0	556,900	23,700	0	23,700	\$22,792,300	2.5%
Schoolcraft	13,196,200	98,972	26,393	43,074	34,701	117,515	19,613	16,495	356,800	0	356,800	67,000	0	67,000	\$13,620,000	2.7%
Southwestern	6,979,400	52,346	13,959	14,407	13,959	24,334	9,814	8,724	137,500	0	137,500	39,700	0	39,700	\$7,156,600	2.0%
St. Clair	7,385,200	55,389	29,538	18,539	23,440	43,944	14,321	9,232	194,400	0	194,400	8,500	0	8,500	\$7,588,100	2.6%
Washtenaw	13,855,900	103,920	35,255	85,810	36,499	145,351	16,517	17,320	440,700	0	440,700	31,000	0	31,000	\$14,327,600	3.2%
Wayne County	17,593,400	131,951	35,187	52,125	35,187	113,836	13,572	21,992	403,900	0	403,900	8,500	0	8,500	\$18,005,800	2.3%
West Shore	2,585,600	19,392	33,723	5,610	5,171	10,502	9,941	3,232	87,600	0	87,600	19,800	0	19,800	\$2,693,000	3.4%
Total	\$323,654,200	\$2,427,420	\$809,140	\$809,140	\$809,140	\$2,022,850	\$404,570	\$404,570	\$7,686,800	\$404,600	\$8,091,400	\$1,819,100	\$0	\$1,818,900	\$333,564,500	2.5%

Component	Source	Years
Performance improvement	CEPI	FYs 2016-2018
Performance completion number	Federal IPEDS	FYs 2016-2018
Performance completion rate	CEPI	FYs 2016-2018
Contact hours	State MCCDI	FY 2019
Administrative	State MCCDI	FYs 2018-2019
Lowest taxable value	State MCCDI	FY 2019

* Indian Tuition Waiver Payments are unrolled from the Operations base amounts. ITW Payments and Adjustment amounts are combined into a "Indian Tuition Waiver Costs Incurred" that is broken out in each college's operations listing in the budget bill