

**Summary: Executive Budget Recommendation
for Fiscal Year 2024-25
COMMUNITY COLLEGES**



Analyst: Perry Zielak

	FY 2023-24	FY 2024-25	Difference: FY 2024-25	
	Enacted as of 2/7/24	Executive	Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	544,517,500	465,920,800	(78,596,700)	(14.4)
GF/GP	0	0	0	--
Gross	\$544,517,500	\$465,920,800	(\$78,596,700)	(14.4)

Note: 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.

	FY 2023-24 Enacted (as of 2/7/24)	Executive Change from Enacted
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Major Budget Changes from FY 2023-24 Enacted Appropriations

1. Community College Operations Increase

Includes a net increase of \$9.0 million School Aid Fund (SAF) for community college operations, a 2.5% increase. This includes:

- \$8.9 million SAF, or 2.5%, increase to operations grants for community colleges, which would be distributed through the performance funding formula.
- \$49,100 SAF increase based on FY 2022-23 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 5.0% or \$241. Projected funding increases for individual community colleges would range from 2.0% to 3.8%. Total funding for operations would be \$366.9 million SAF.

Gross	\$357,961,900	\$8,969,900
Restricted	357,961,900	8,969,900
GF/GP	\$0	\$0

2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment

Decreases funding by \$43.7 million SAF for the state's share of community colleges' MPERS UAAL, a 41.3% decrease. 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 \$62.1 million SAF.

Gross	\$105,800,000	(\$43,700,000)
Restricted	105,800,000	(43,700,000)
GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u>		<u>FY 2023-24 Enacted (as of 2/7/24)</u>	<u>Executive Change from Enacted</u>
3. MPSERS Community College Payroll Cap Reduction		Gross	\$0
Adds \$5.7 million SAF to lower community college's MPSERS UAAL employer contribution cap from 20.96% to 20.0%. Payments would be made to MPSERS through the community colleges. Total funding for the MPSERS community college payroll cap reduction would be \$5.7 million SAF.		Restricted	0
		GF/GP	\$0
			\$5,700,000
			5,700,000
			\$0
4. MPSERS Normal Cost Offset		Gross	\$23,000,000
Decreases funding by \$1.2 million SAF for the community colleges' MPSERS normal cost offset, a 5.2% decrease, due to maintaining the assumed rate of return at 6.0%. Total funding for the MPSERS normal cost offset would be \$21.8 million SAF.		Restricted	23,000,000
		GF/GP	\$0
			(\$1,200,000)
			(1,200,000)
			\$0
			\$0
5. Removal of FY 2023-24 One-Time Appropriations		Gross	\$48,366,600
Removes \$48.4 million SAF of one-time funding that was included in the FY 2023-24 budget to support the following:		Restricted	48,366,600
<ul style="list-style-type: none"> Infrastructure, Technology, Equipment, Maintenance, and Safety (\$32.8 million SAF) Critical Incident Mapping (\$5.0 million SAF) Career and Education Navigators for Adult Learners (\$5.0 million SAF) Michigan Reconnect Entry Point Program (\$5.0 million SAF) Kalamazoo Valley Community College Workforce Development Grants (\$530,000 SAF) 		GF/GP	\$0
			(\$48,366,600)
			(48,366,600)
			\$0
			\$0

Major Boilerplate Changes from FY 2023-24

Sec. 205. Ordering From Businesses in Deprived and Depressed Communities – REVISED

Encourages community colleges to ensure businesses in economically distressed areas compete for and perform contracts for services and/or supplies. Revises language to encourage community colleges to ensure geographically disadvantaged business enterprises compete for and perform contracts for services and/or supplies.

Sec. 216c. Infrastructure, Technology, Equipment, Maintenance, and Safety Appropriation Detail – DELETED

Deletes language that details infrastructure, technology, equipment, maintenance, safety and housing (ITEMS) repayment categories that ITEMS funding could be used for by community colleges and language on program eligibility and distribution of funding.

Sec. 216d. ITEMS Certification and Payment Detail – DELETED

Deletes language that details the certification process community colleges must complete and have approved by the State Budget Director in order to receive an ITEMS payment.

Sec. 217b. Community College Tuition and Fee Restraint and Annual Rate Report – REVISED

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; and requires community colleges to limit in-district tuition and fee increases to 4.5% or \$205, whichever is greater. Specifies community colleges that violate the tuition restraint cap may have their appropriation adjusted. Revises language that limits FY 2024-25 in-district tuition and fee increases to 5.0% or \$241, whichever is greater, and limits FY 2025-26 in-district tuition and fee increases to the greater of 5.0% or \$253.

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.

**FY 2024-25 Community Colleges Operations Appropriations
Executive Recommendation**

	% of Formula:		FY 2023-24 Base Appropriation	30%	10%	10%	10%	30%	5%	5%	100%	FY 2023 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	Total FY 25 Indian Tuition Waiver Payment	FY 2024-25 Appropriation	%
	Total FY 2023-24 Appropriation	FY 24 Indian Tuition Waiver Payment		Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Admin.	Local Strategic Value						
Alpena	\$6,327,100	\$26,500	\$6,300,600	\$47,255	\$38,690	\$10,639	\$24,417	\$24,631	\$17,598	\$7,876	\$171,100	\$21,800	(4,700)	\$21,800	\$6,493,500	2.6%
Bay de Noc	6,299,200	113,900	6,185,300	46,390	42,558	9,922	24,688	31,667	24,899	7,732	187,900	100,000	(13,900)	100,000	6,473,200	2.8%
Delta	16,690,500	48,200	16,642,300	124,818	36,602	41,335	33,285	121,043	22,324	20,803	400,200	24,800	(23,400)	24,800	17,067,300	2.3%
Glen Oaks	2,939,000	0	2,939,000	22,043	5,878	6,475	17,494	19,322	0	3,674	74,900	1,800	1,800	1,800	3,015,700	2.6%
Gogebic	5,367,600	37,900	5,329,700	39,973	10,659	5,897	24,083	17,676	10,492	6,662	115,400	48,400	10,500	48,400	5,493,500	2.3%
Grand Rapids	20,966,400	122,000	20,844,400	156,334	55,391	53,194	41,689	213,656	19,951	26,056	566,300	111,100	(10,900)	111,100	21,521,800	2.6%
Henry Ford	24,943,900	14,100	24,929,800	186,974	49,860	78,463	49,860	203,839	18,013	31,162	618,200	6,400	(7,700)	6,400	25,554,400	2.4%
Jackson	13,887,400	33,300	13,854,100	103,906	30,798	23,108	27,708	80,721	13,990	17,318	297,500	42,300	9,000	42,300	14,193,900	2.2%
Kalamazoo Valley	14,539,400	57,500	14,481,900	108,615	28,964	33,061	40,140	120,022	21,892	18,102	370,800	37,200	(20,300)	37,200	14,889,900	2.4%
Kellogg	11,290,200	21,000	11,269,200	84,519	22,539	27,175	22,539	70,504	21,144	14,087	262,500	35,400	14,400	35,400	11,567,100	2.5%
Kirtland	3,792,900	19,800	3,773,100	28,298	7,546	9,782	7,546	26,607	18,856	4,716	103,400	25,800	6,000	25,800	3,902,300	2.9%
Lake Michigan	6,321,600	3,600	6,318,000	47,385	14,220	12,480	12,636	48,039	7,648	7,898	150,300	6,000	2,400	6,000	6,474,300	2.4%
Lansing	35,752,700	63,500	35,689,200	267,670	73,781	73,016	82,910	183,377	16,707	44,612	741,900	81,200	17,700	81,200	36,512,300	2.1%
Macomb	37,661,900	26,500	37,635,400	282,267	75,271	74,942	86,594	293,213	16,032	47,045	875,200	23,700	(2,800)	23,700	38,534,300	2.3%
Mid Michigan	5,798,500	55,600	5,742,900	43,072	21,204	12,458	11,486	49,274	12,087	7,179	156,800	75,500	19,900	75,500	5,975,200	3.0%
Monroe County	5,286,800	2,100	5,284,700	39,635	13,056	12,833	10,569	41,475	15,504	6,606	139,700	1,800	(300)	1,800	5,426,200	2.6%
Montcalm	3,966,700	9,500	3,957,200	29,679	32,706	10,896	7,914	23,434	17,338	4,947	126,900	1,900	(7,600)	1,900	4,086,000	3.0%
Mott	17,823,200	31,500	17,791,700	133,438	35,584	34,934	35,584	98,199	16,872	22,240	376,900	5,800	(25,700)	5,800	18,174,400	2.0%
Muskegon	10,223,600	12,700	10,210,900	76,582	22,872	20,496	31,987	63,775	19,885	12,764	248,400	21,300	8,600	21,300	10,480,600	2.5%
North Central	4,011,000	142,200	3,868,800	29,016	19,245	9,440	19,323	33,284	16,317	4,836	131,500	162,500	20,300	162,500	4,162,800	3.8%
Northwestern	10,650,300	177,000	10,473,300	78,550	23,257	19,619	32,783	62,171	14,687	13,092	244,200	196,800	19,800	196,800	10,914,300	2.5%
Oakland	24,755,900	22,300	24,733,600	185,503	49,467	77,414	61,862	239,763	15,811	30,917	660,700	33,800	11,500	33,800	25,428,100	2.7%
Schoolcraft	14,742,500	30,700	14,711,800	110,339	51,411	42,930	40,394	152,060	18,078	18,390	433,600	21,000	(9,700)	21,000	15,166,400	2.9%
Southwestern	7,695,500	12,700	7,682,800	57,621	15,366	9,890	27,941	37,480	15,149	9,604	173,100	29,500	16,800	29,500	7,885,400	2.5%
St. Clair County	8,226,400	16,000	8,210,400	61,578	19,618	26,500	28,340	59,931	13,149	10,263	219,400	24,100	8,100	24,100	8,453,900	2.8%
Washtenaw	15,938,200	12,700	15,925,500	119,442	36,313	110,080	44,218	201,562	21,534	19,907	553,100	24,600	11,900	24,600	16,503,200	3.5%
Wayne County	19,197,900	4,600	19,193,300	143,951	43,241	39,151	38,387	143,178	13,096	23,992	445,000	4,400	(200)	4,400	19,642,700	2.3%
West Shore	2,865,600	14,400	2,851,200	21,384	15,981	5,951	5,702	16,337	6,987	3,564	75,900	12,000	(2,400)	12,000	2,939,100	2.6%
TOTAL	\$357,961,900	\$1,131,800	\$356,830,100	\$2,676,240	\$892,080	\$892,080	\$892,080	\$2,676,240	\$446,040	\$446,040	\$8,920,800	\$1,180,900	\$49,100	\$1,180,900	\$366,931,800	2.5%

Requirement to receive performance funding for FY 2024-25:
1. Restrain FY 2024-25 in-district tuition/fee rate increase to 5.0% or \$241 (whichever is greater)

Data Notes	
Component	Years
Performance improvement	FYs 2020-2022
Performance completion number	FYs 2020-2022
Performance completion rate	FYs 2020-2022
Contact hours	FY 2023
Administrative	FYs 2022-2023