HOUSE FISCAL AGENCY

Background Briefing

COMMUNITY COLLEGES

Marilyn Peterson, Senior Fiscal Analyst

December 2013

The fiscal information in this background briefing is based on data through December 31, 2013.

Michigan Community Colleges

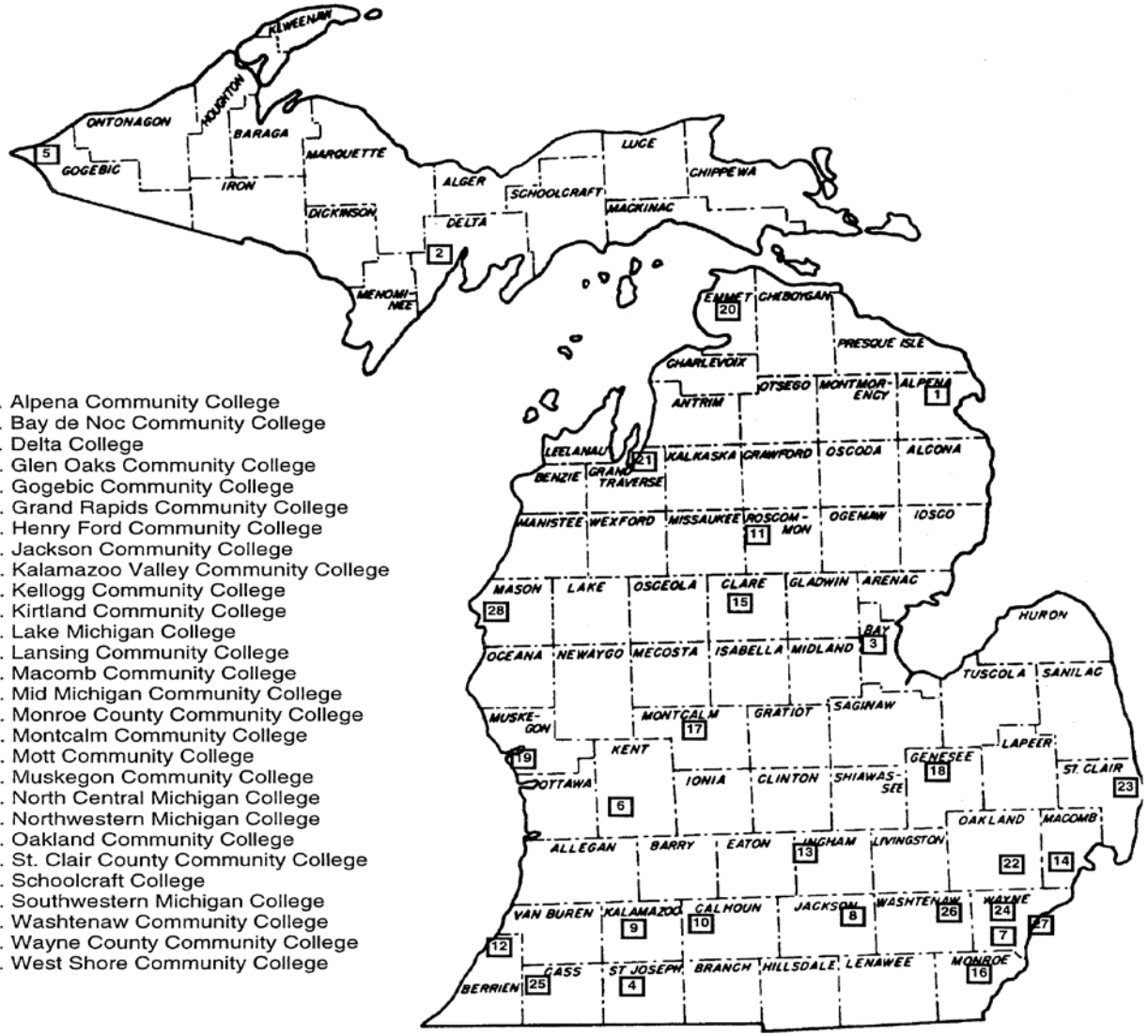
- **The community colleges budget provides funding for Michigan's 28 public community colleges. Community colleges are supported through a combination of state appropriations, tuition and fees, and local property taxes.**

- **Each community college draws students primarily from within a district organized under statute and is governed by a board of trustees elected from within the district. Not all areas of the state fall within a district.**

- **Community colleges provide collegiate and noncollegiate level education primarily to individuals above the twelfth grade age level within commuting distance. Community college programs include:**
  - **Vocational-technical education leading to an associate's degree**
  - **Education in anticipation of transfer to a four-year institution**
  - **Basic skills**
  - **Customized training/retraining for displaced workers**

- **2012 PA 495 authorized community colleges to offer baccalaureate degrees in cement technology, maritime technology, energy production technology, and culinary arts.**

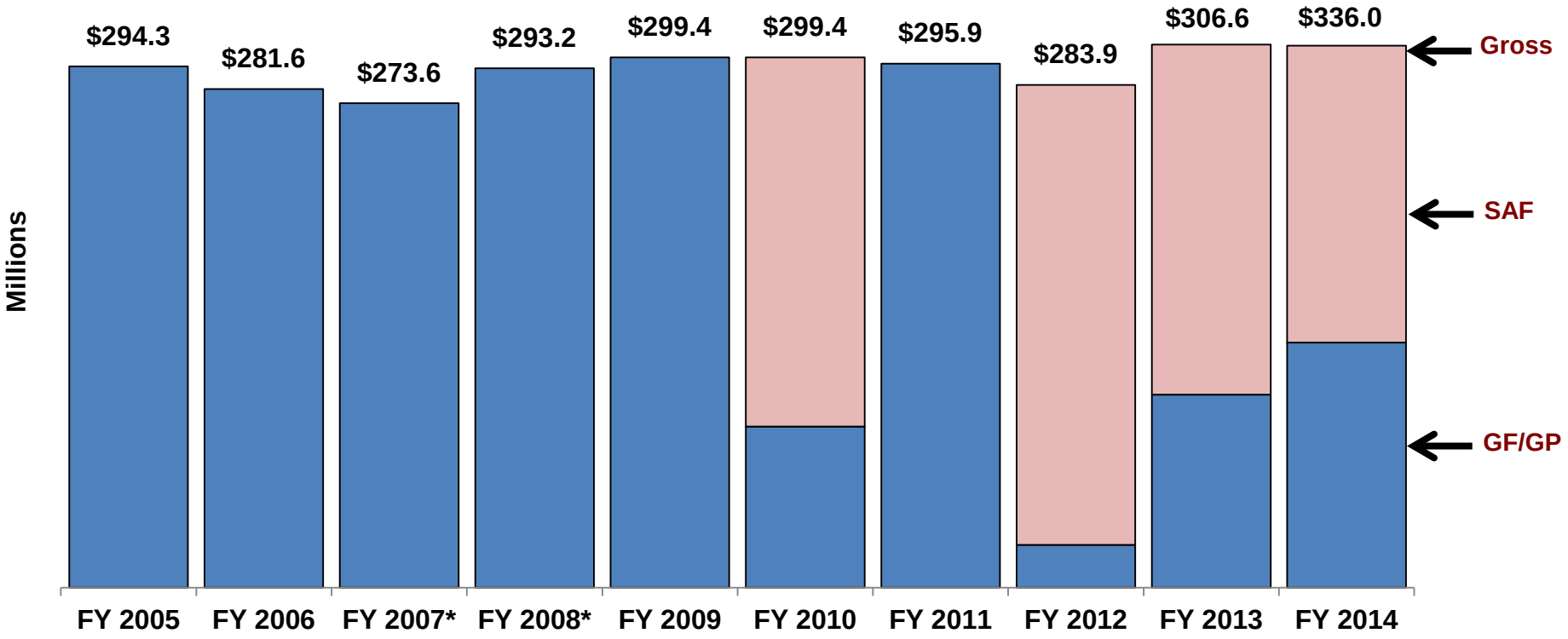
Michigan Public Community Colleges



1. Alpena Community College
2. Bay de Noc Community College
3. Delta College
4. Glen Oaks Community College
5. Gogebic Community College
6. Grand Rapids Community College
7. Henry Ford Community College
8. Jackson Community College
9. Kalamazoo Valley Community College
10. Kellogg Community College
11. Kirtland Community College
12. Lake Michigan College
13. Lansing Community College
14. Macomb Community College
15. Mid Michigan Community College
16. Monroe County Community College
17. Montcalm Community College
18. Mott Community College
19. Muskegon Community College
20. North Central Michigan College
21. Northwestern Michigan College
22. Oakland Community College
23. St. Clair County Community College
24. Schoolcraft College
25. Southwestern Michigan College
26. Washtenaw Community College
27. Wayne County Community College
28. West Shore Community College

Community College Appropriations

Community College budget was, historically, 100% General Fund/General Purpose. Recent budgets have instead been funded with mostly School Aid Fund (SAF) Revenue, with $197.6 million of the $336.0 million appropriation coming from SAF in FY 2013-14.

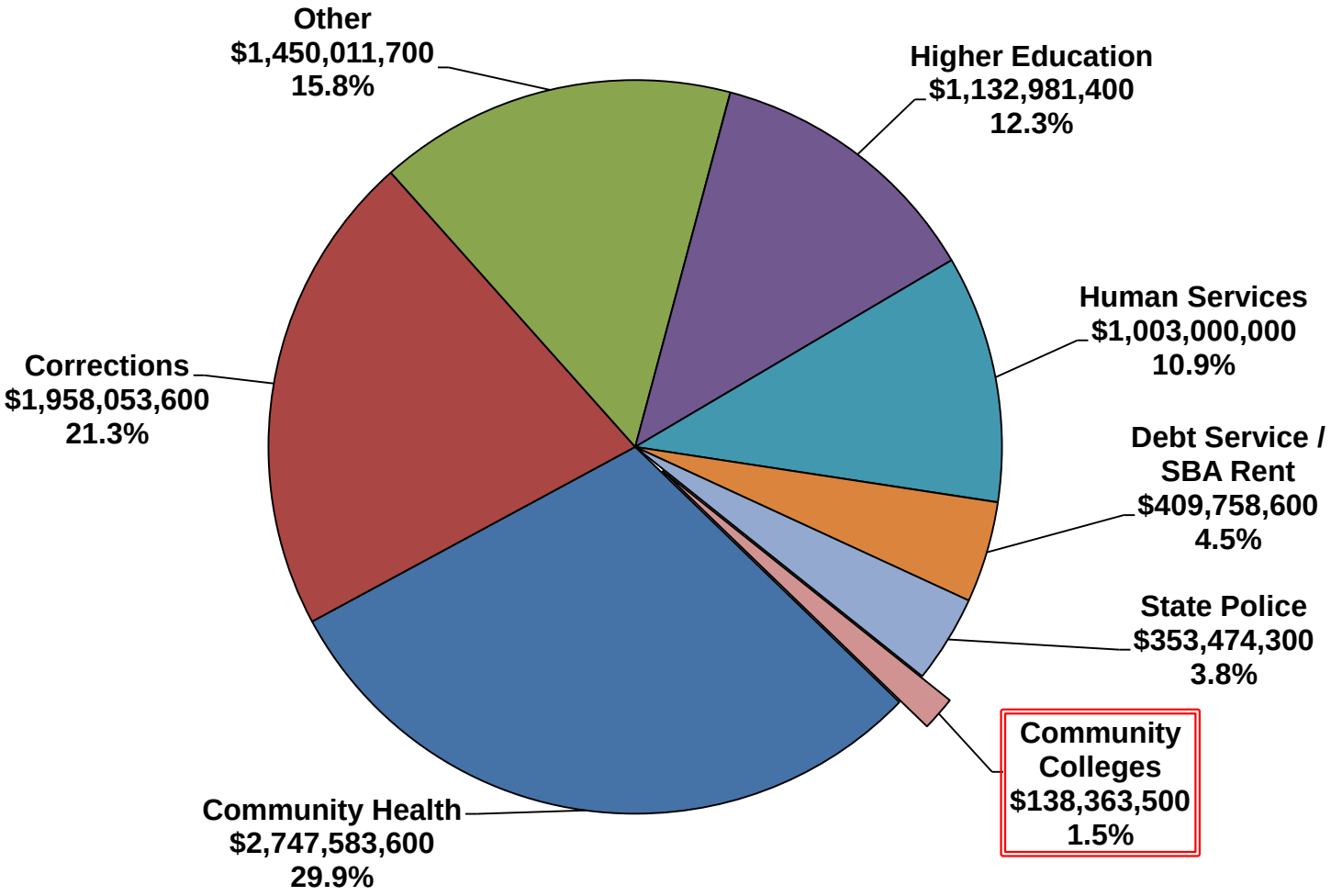


** Note: delayed payments of $25.8 million distributed in FY 2008 are shown in FY 2007, the year originally appropriated*

Community Colleges Share of State GF/GP

Community Colleges make up 1.5% of the total state GF/GP budget

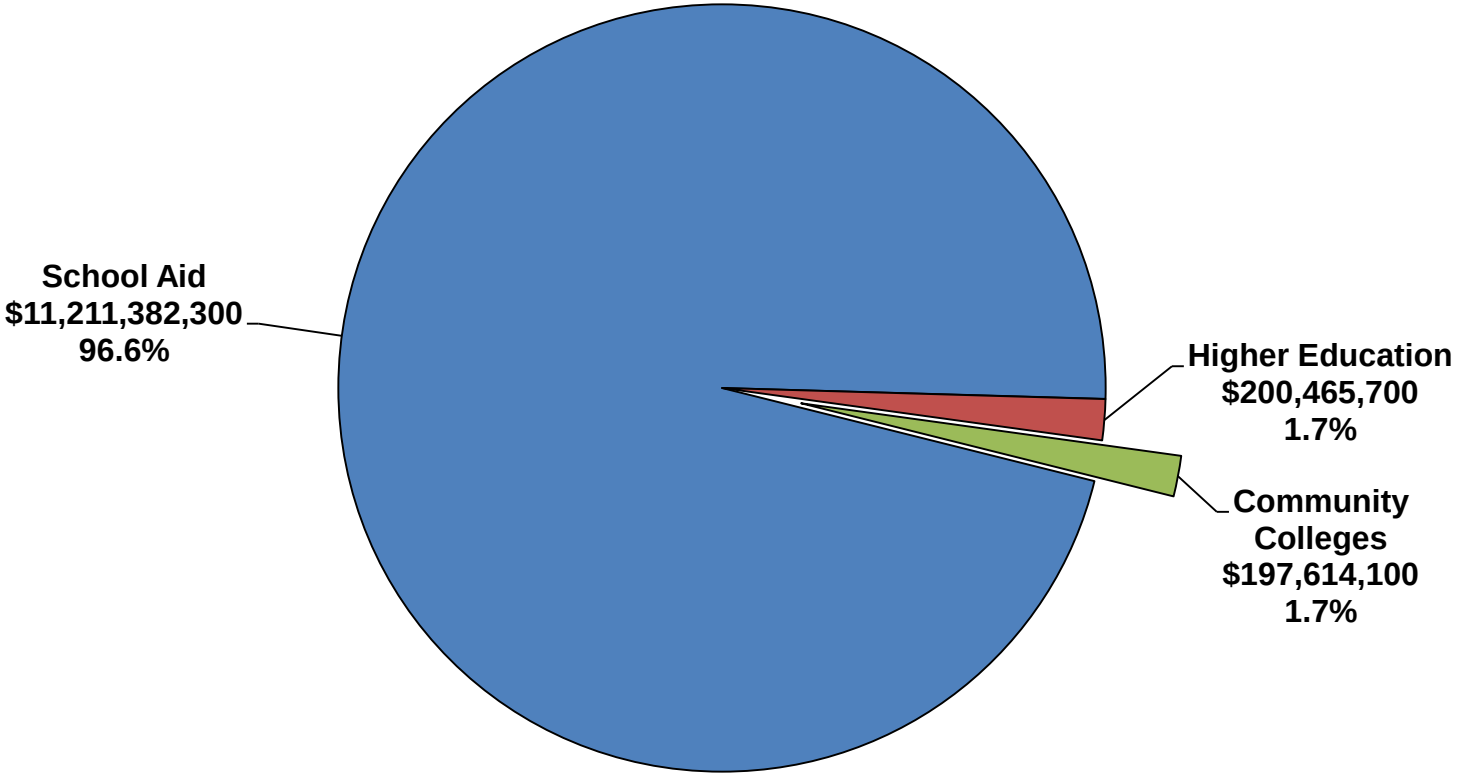
FY 2013-14 GF/GP Total = $9,193,226,700



Community Colleges Share of School Aid Fund

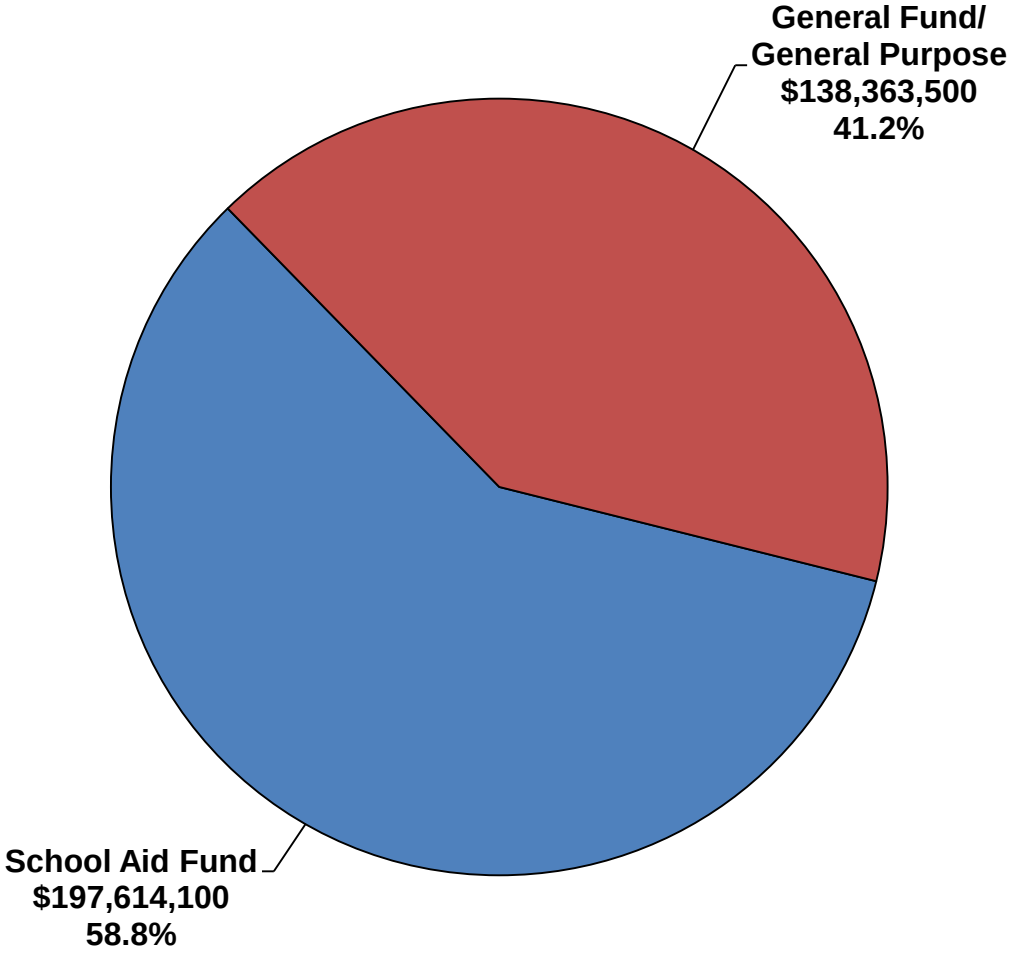
The Community Colleges budget receives 1.7% of the total state School Aid Fund (SAF)

FY 2013-14 SAF Total = $11,609,462,100



State Funding Sources

FY 2013-14 Total = $335,977,600



STATE APPROPRIATIONS

Community College Appropriations

The 2013-14 Community Colleges budget provides funding for:

- **Grants for community college operations**
- **Assistance with employer contributions to the Michigan Public School Employees Retirement System (MPSERS)**
- **Replacement of property tax revenue lost through creation of a Renaissance Zone within a community college's district**
- **Expansion of a community college virtual learning collaborative**

Community College Appropriations
Total: $335,977,600

Nearly 90% of Community College funding goes to individual Operational Grants for each community college.

	School Aid Fund	GF/GP	Total	% of Total Approps.
Operational Grants	$195,880,500	$102,363,500	$298,244,000	88.8%
MPSERS	$1,733,600	$31,400,000	$33,133,600	9.9%
Renaissance Zones	$0	$3,500,000	$3,500,000	1.0%
Virtual Learning Collaborative	$0	$1,100,000	$1,100,000	0.3%
TOTALS	**$197,614,100**	**$138,363,500**	**$335,977,600**	**100.0%**

Operations Grants: Performance Indicators Formula

- **Most of the community college budget acts since FY 2006-07 have included formulas that utilized performance indicators to allocate budgetary increases or decreases from the prior year.**

- **FY 2013-14's increase of $5,847,100 was allocated to college operations grants as follows:**

  - **50.0% in proportion to FY 2012-13 base funding**
  - **10.0% based on contact hour equated students**
  - **7.5% based on administrative costs**
  - **17.5% based on a weighted degree formula**
  - **15.0% based on a local strategic value component**

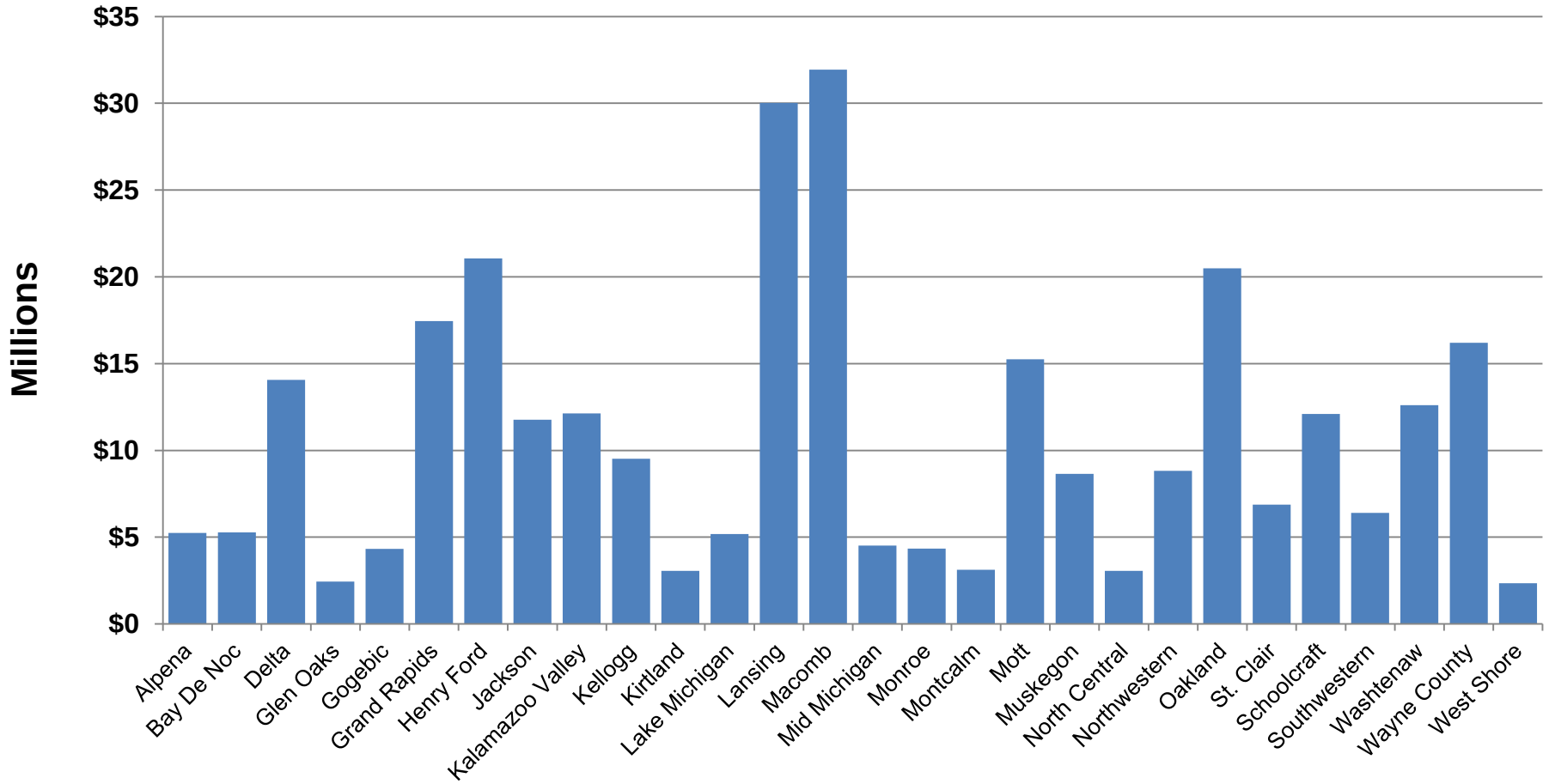
Performance Indicators Formula: Local Strategic Value Component

- **Funding for "local strategic value" under the performance indicators formula is appropriated as a $877,100 line item to be distributed to community colleges that certify by November 1 that they have met certain best practice standards pertaining to economic development/business partnerships, educational partnerships, and community services.**

- **Local strategic value funds are distributed to qualifying colleges in proportion to the colleges' FY 2012-13 appropriations and are effectively part of the colleges' operations grants.**

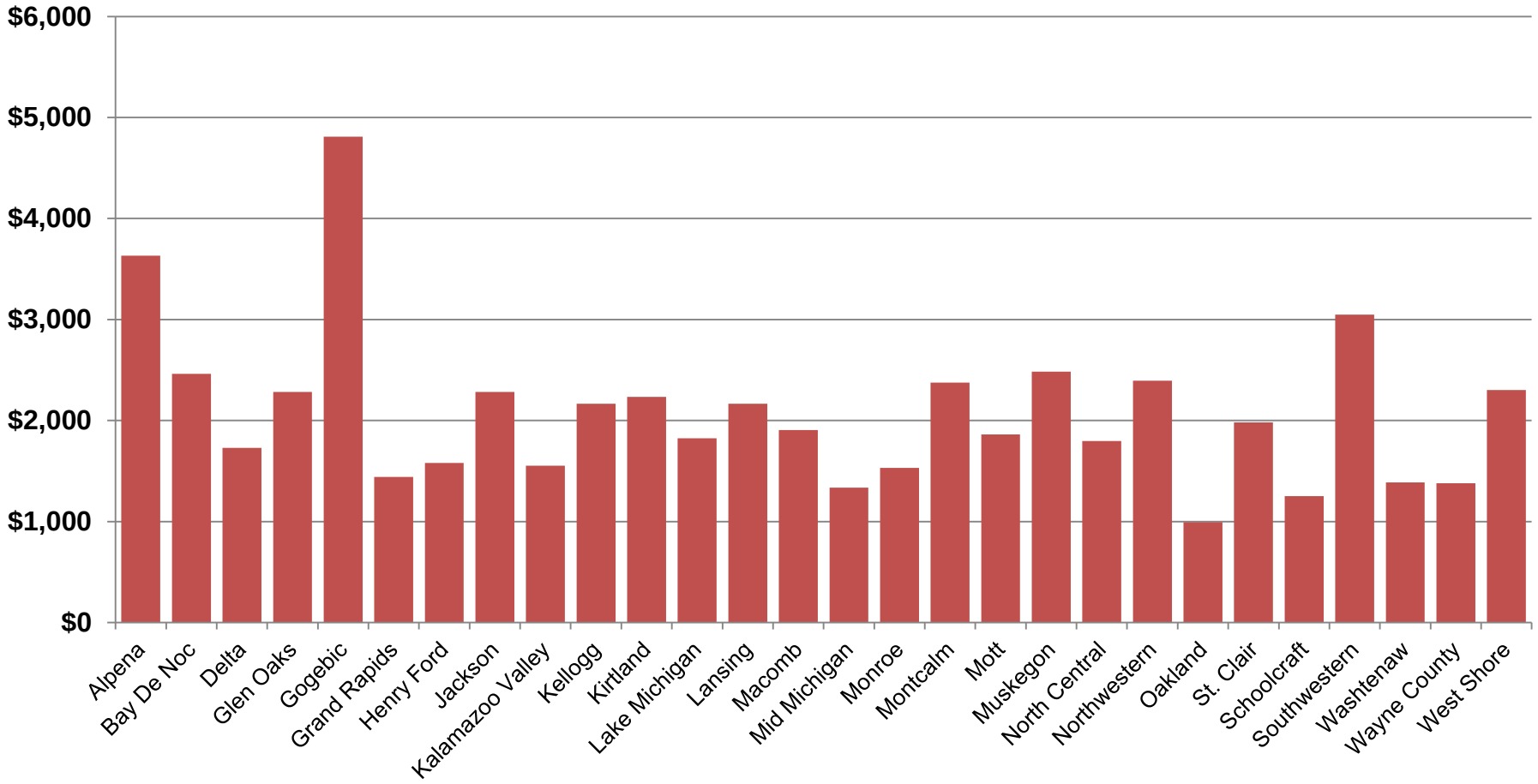
FY 2013-14 Operations Grants

FY 2013-14 Total = $298,244,000
(includes Local Strategic Value allocations)



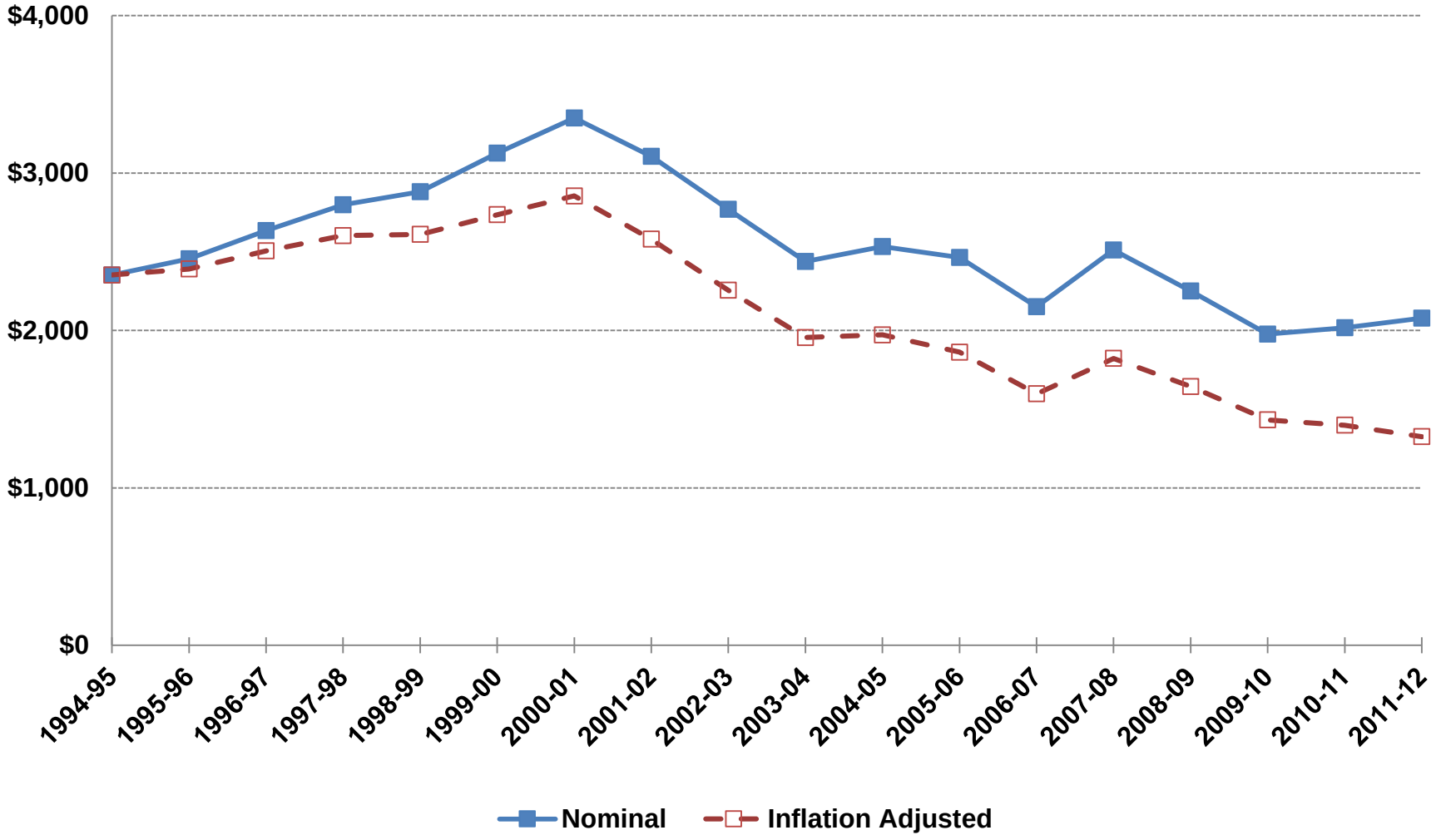
FY 2011-12 State Aid to Community Colleges Per Fiscal Year Equated Student (FYES)

Average State Aid Revenue: $2,078 per FYES



Average State Aid Revenue Per FYES

State Aid Per FYES peaked in 2000-01 ($3,350) and declined in most years since.



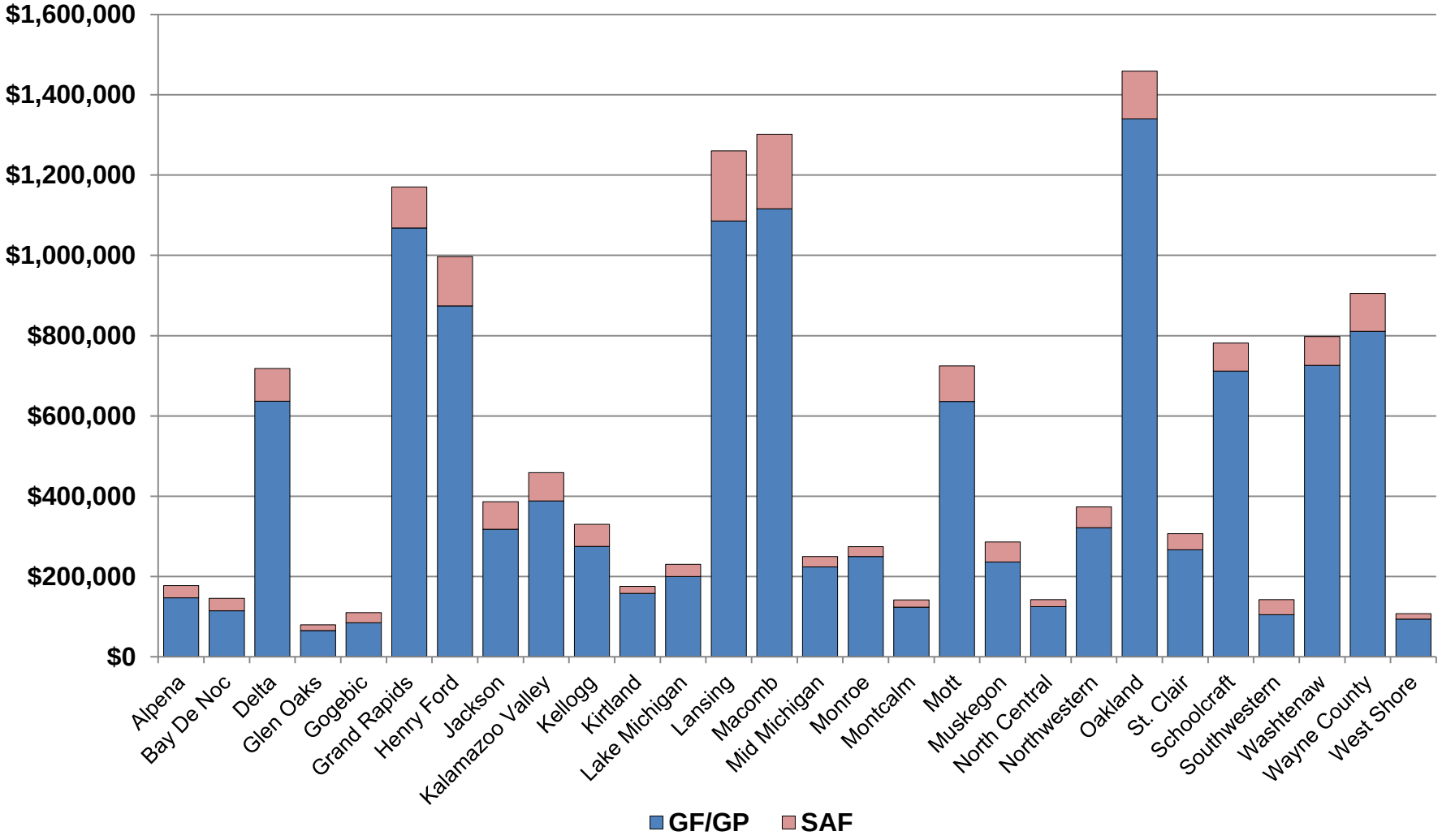
MPSERS Funding

- **FY 2013-14 MPSERS-related funding is allocated to each college in proportion to its percentage of prior-year total payroll. (In FY 2012-13, however, each college's SAF-funded amount was specified in the budget act.)**

- **Support for community college MPSERS costs consists of:**
  - **$1.7 million from the School Aid Fund.**
  - **$31.4 million GF/GP to fund the difference between the unfunded actuarial accrued liability to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement Act under 2012 legislation.**

- **GF/GP support has increased to fill the increasing gap between the cost to meet actuarial needs and the cap on employer contributions, effectively allowing for the prefunding of retiree health benefits.**

FY 2012-13 MPSERS Allocations



COMMUNITY COLLEGE FINANCES

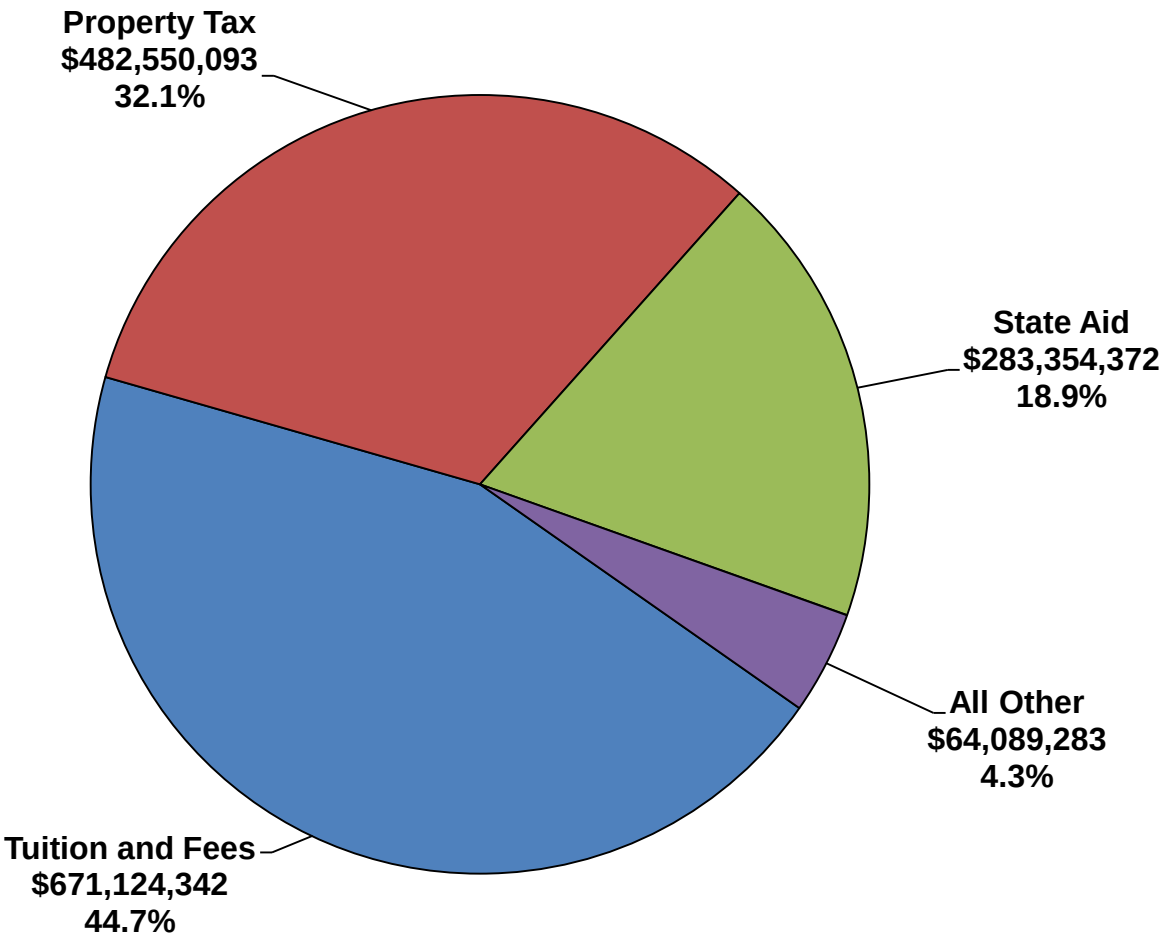
FINANCES: REVENUES

FINANCES: REVENUES

- **Community Colleges rely on three main revenue sources:**
  - **State aid**
  - **Tuition and fees**
  - **Property taxes**

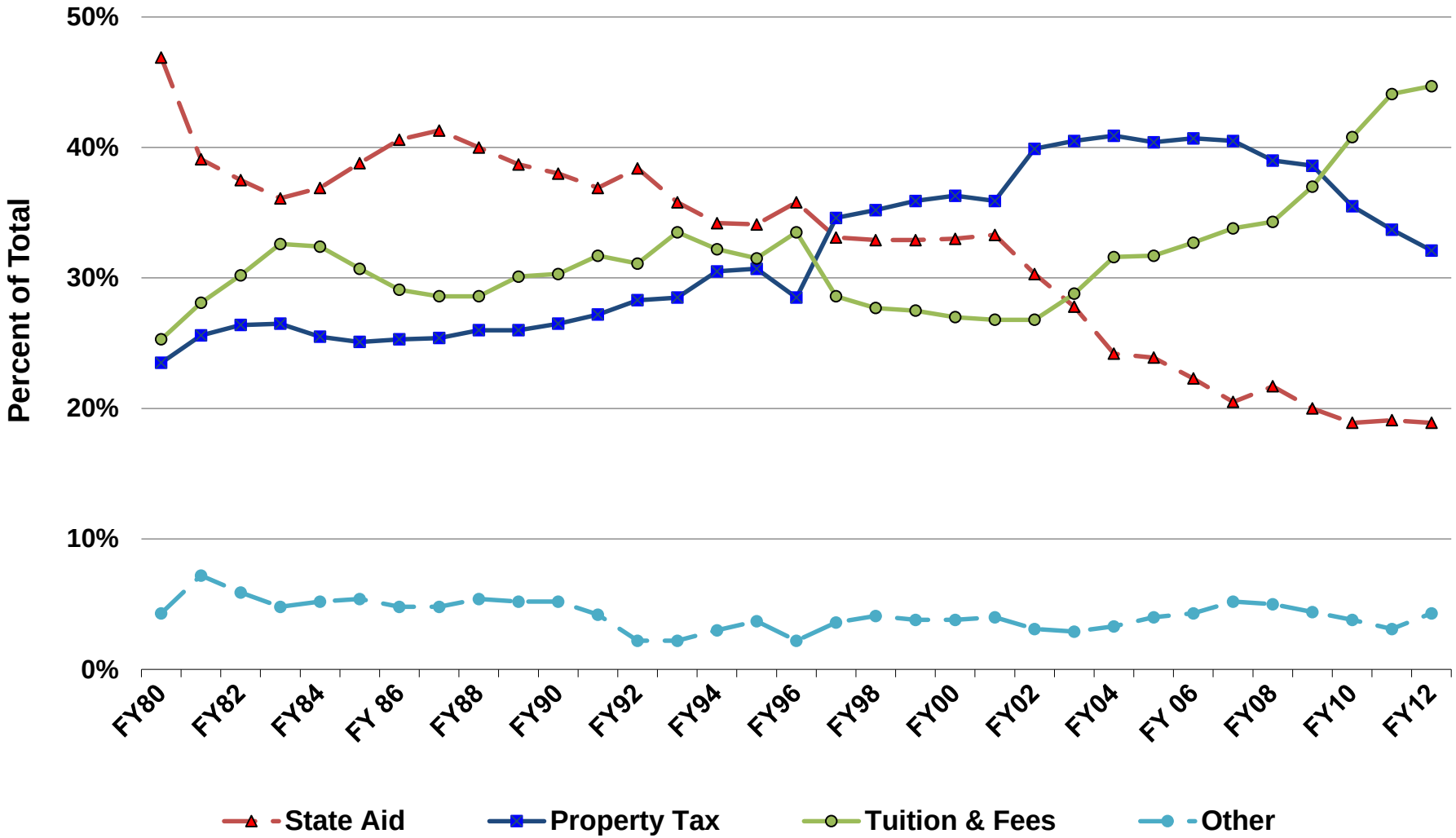
Community College Operating Fund Revenue – Statewide Totals

FY 2011-12 Total: $1,501,118,090

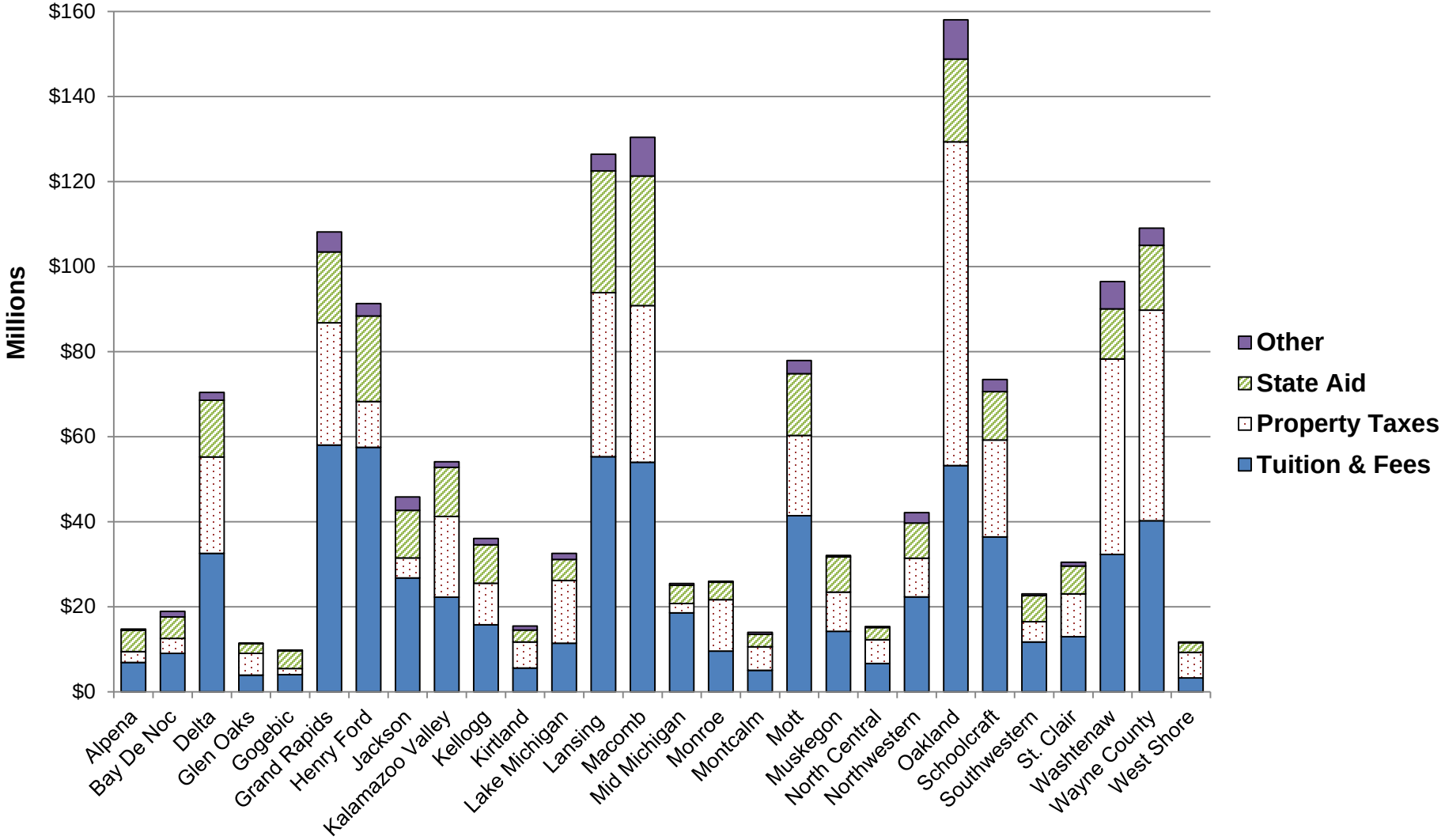


Community College Revenue Sources

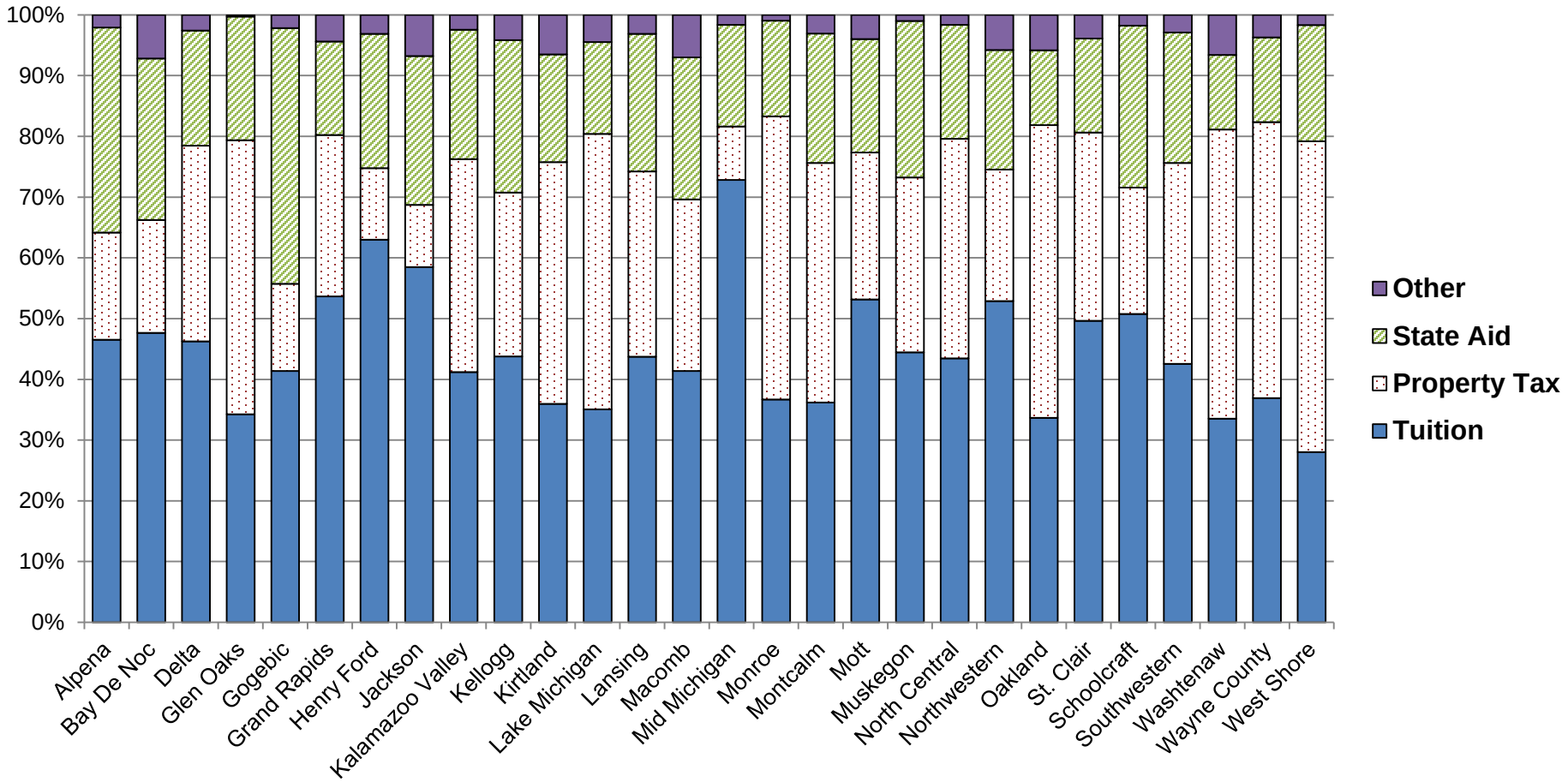
In recent years, the proportion of community college revenues deriving from tuition and fees has increased while proportions from state aid and property taxes have diminished.



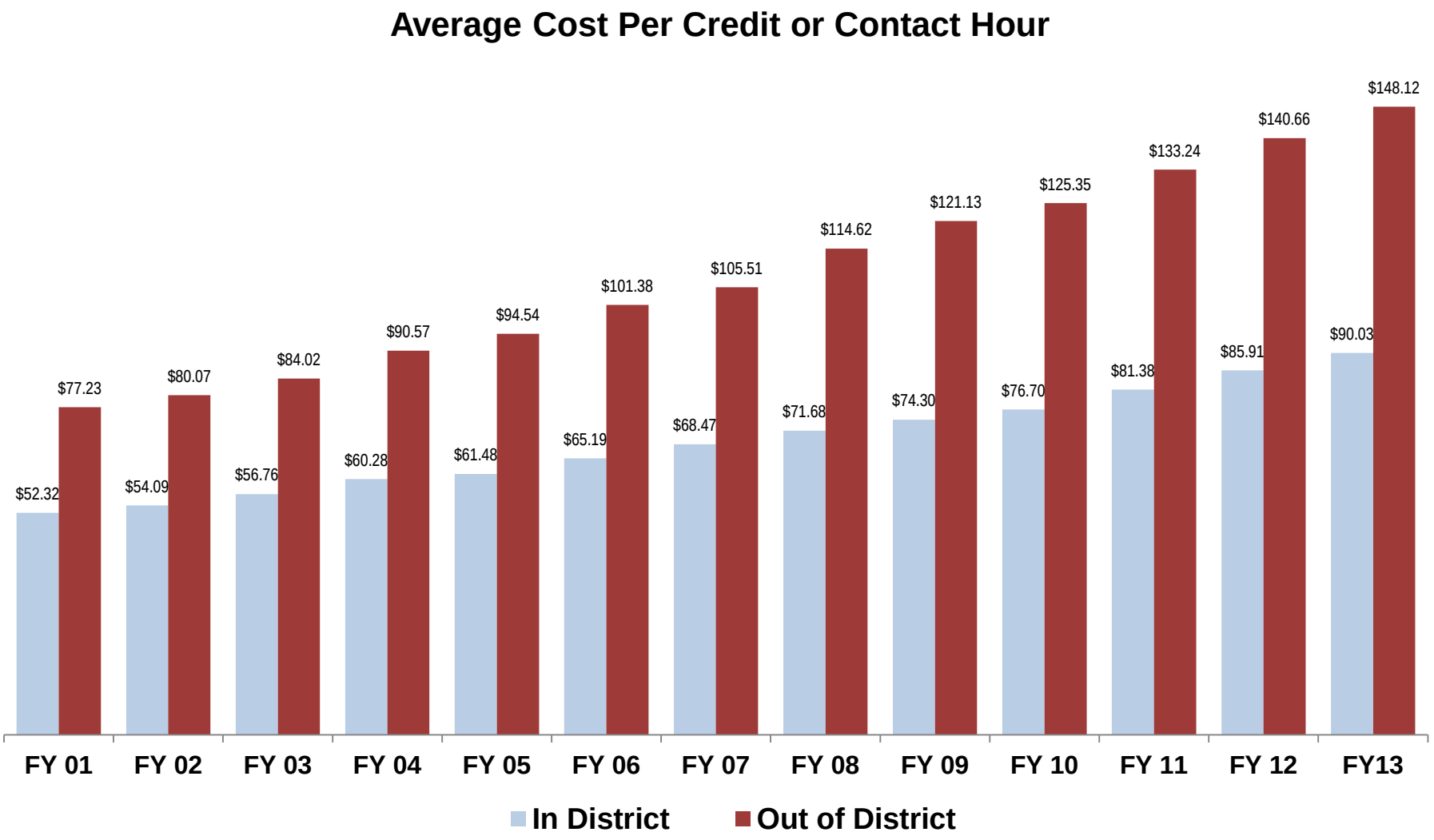
2011-12 College Operating Funds by Source



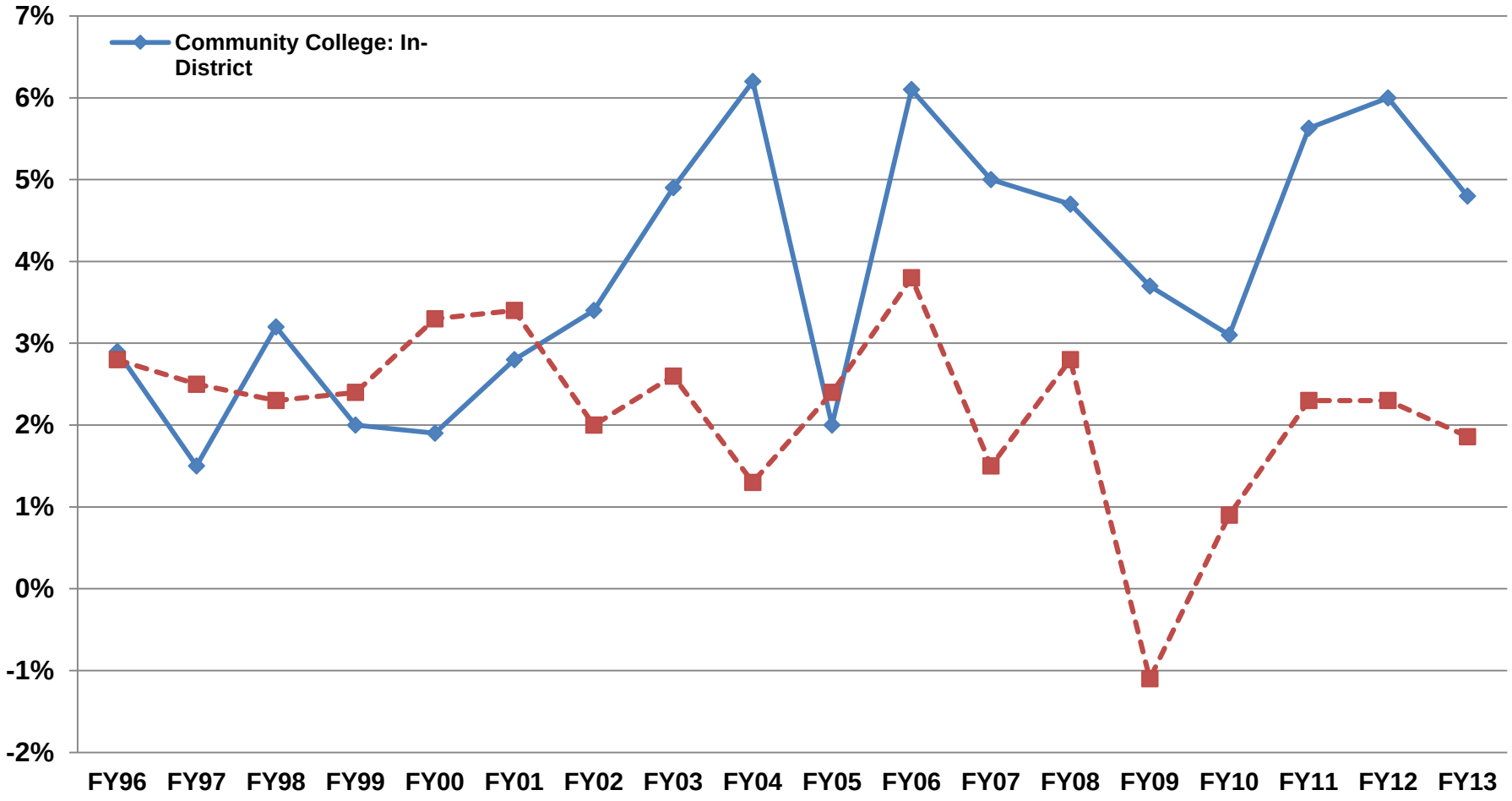
2011-12 Fund Sources as % of Each College's Total Operating Funds



Tuition Rate History



In-District Tuition Increases Compared to Inflation



FINANCES: OPERATIONAL EXPENDITURES

Operational Expenditures

For the purposes of reporting data to the state, Michigan community college expenditures are classified into standardized categories:

- **Instruction**

  Faculty salaries and benefits, lab assistants, classroom supplies, noncapital equipment, special licenses or fees for curriculum

- **Public service**

  Community use of college facilities for meetings, events, recreation, and recreation, as well as college TV and radio stations

- **Instructional support**

  Library and media services, professional development, curriculum development

- **Student services**

  Counseling, registrar, student government, student publications, specialized services for specific groups such as veterans or students with disabilities

- **Administration**

  President, trustees, financial services, human resources, legal, etc.

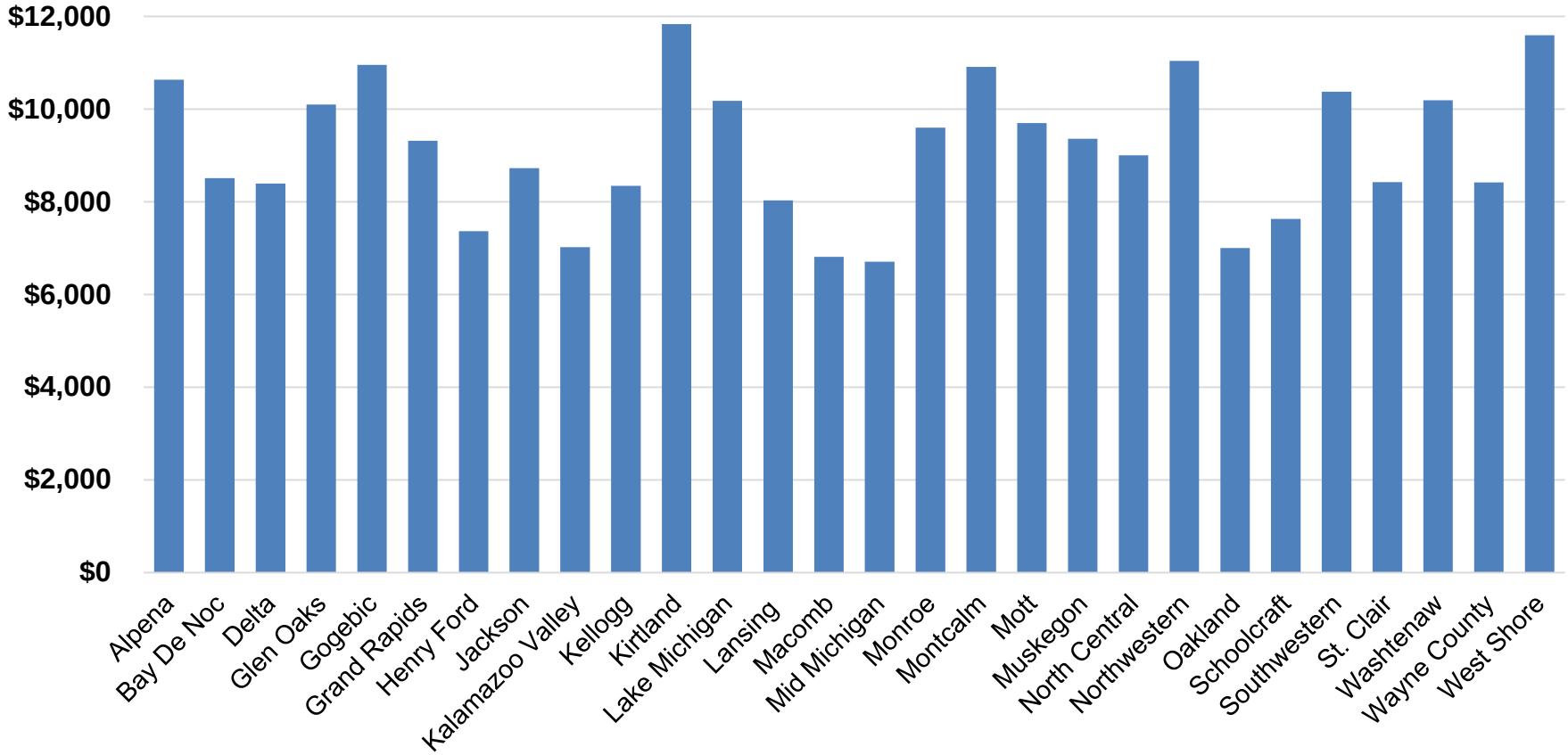
- **Physical plant**

  Facilities management and maintenance, utilities, security

Michigan Community College Operating Expenditures FY 2011-12

	Amount	Percent
Instruction	$646,690,661	47.1%
Public Service	$20,463,198	1.5%
Instructional Support	$182,437,922	13.3%
Student Services	$177,392,791	12.9%
Administration	$181,119,874	13.2%
Physical Plant	$163,896,920	11.9%
TOTAL	**$1,372,001,366**	**100.0%**

Operating Expenditures per FYES
FY 2011-12



ENROLLMENT DATA

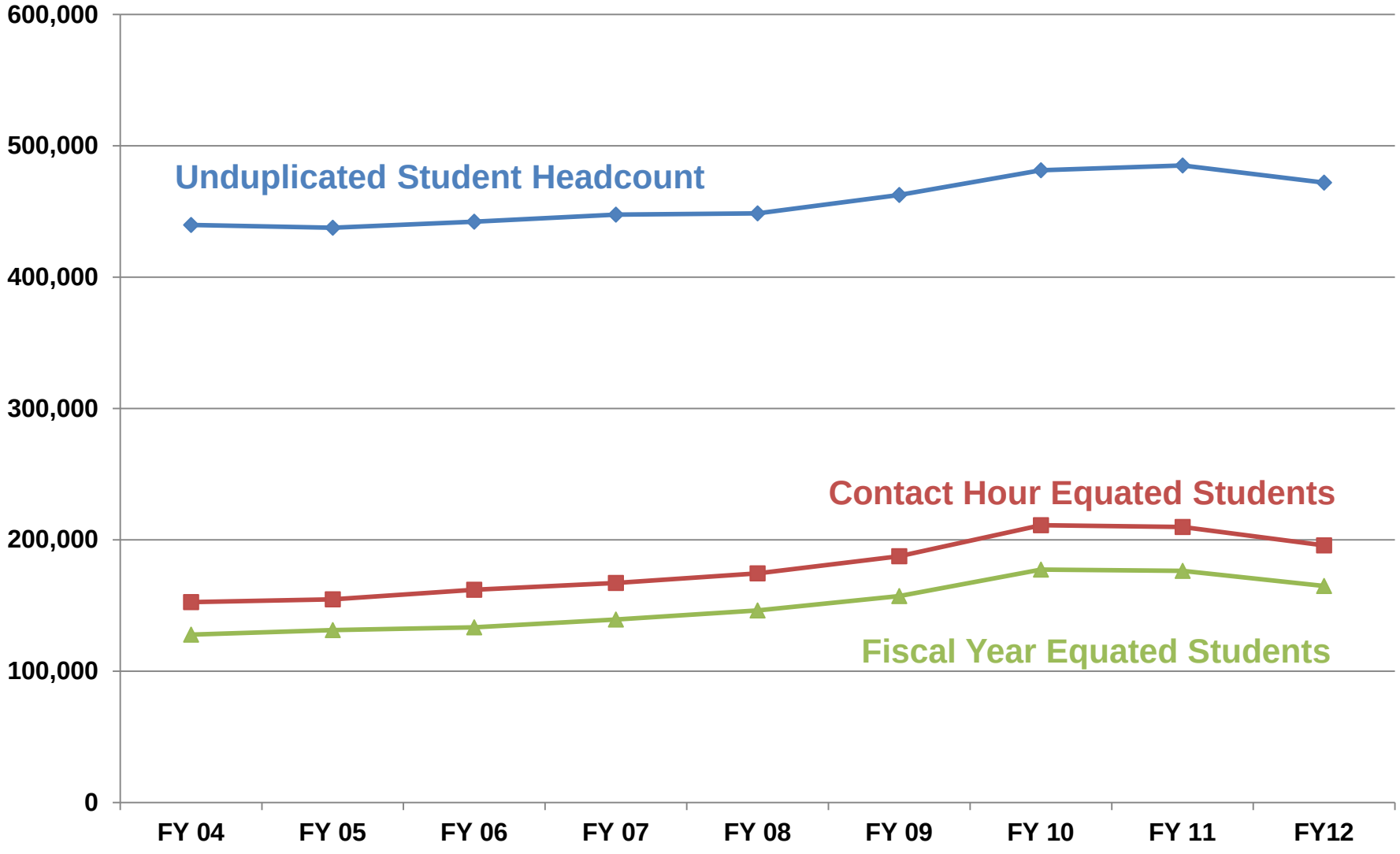
Enrollment Definitions

- **Unduplicated Student Headcount:** The total number of students that have enrolled in at least one community course.

- **Fiscal Year Equated Student (FYES):** The calculated equivalent of one full year of instruction, defined as 31 semester credit hours. Degrees are granted on the basis of credit hours, with the typical associate's degree requiring 62 credit hours.

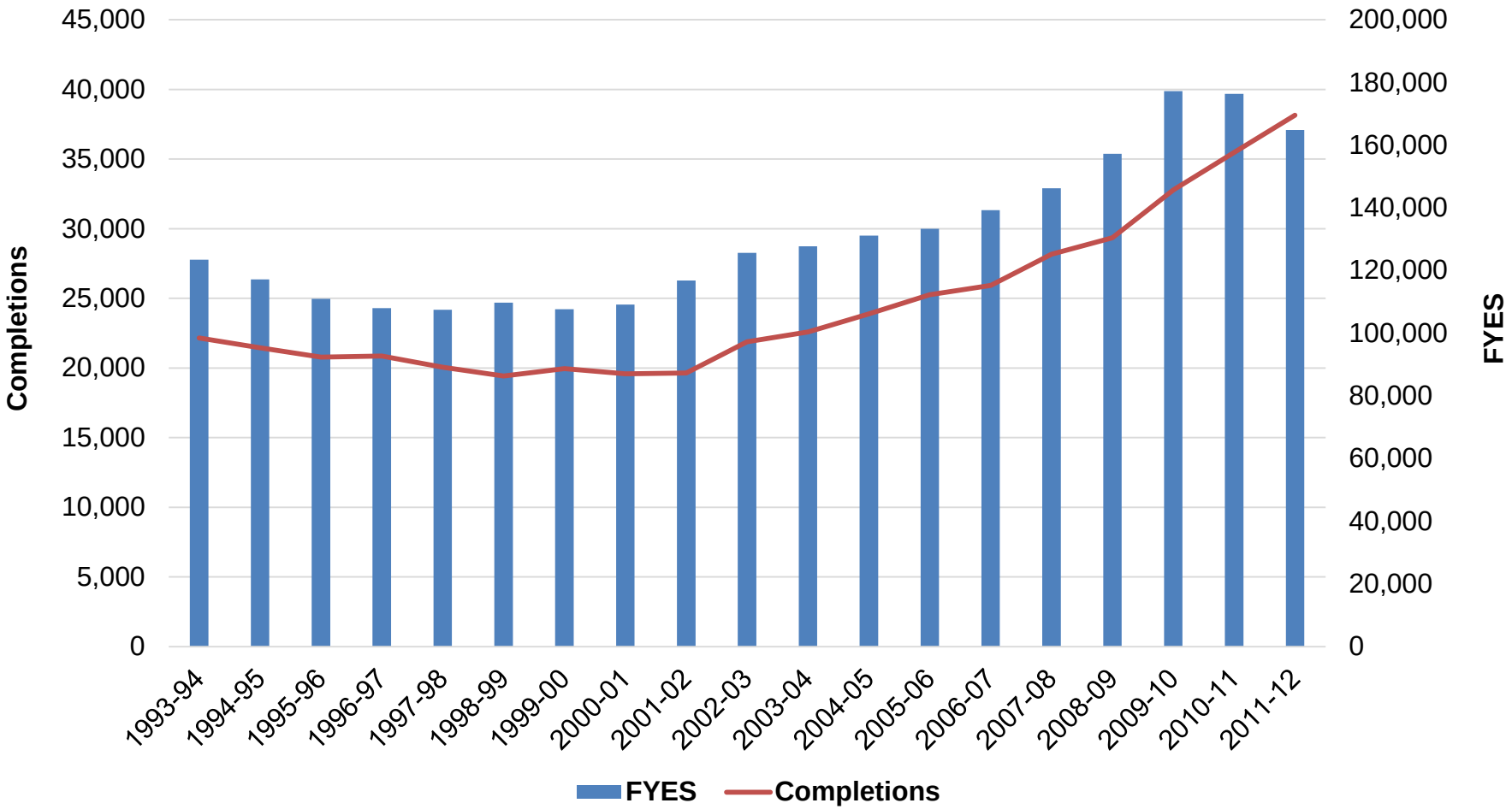
- **Contact Hour Equated Students (CHES):** The calculated equivalent of one full year of instruction, defined as 496 hours of instruction. This measure can capture additional hours of instruction or student interaction that may not be included in a credit hour.

Enrollment History

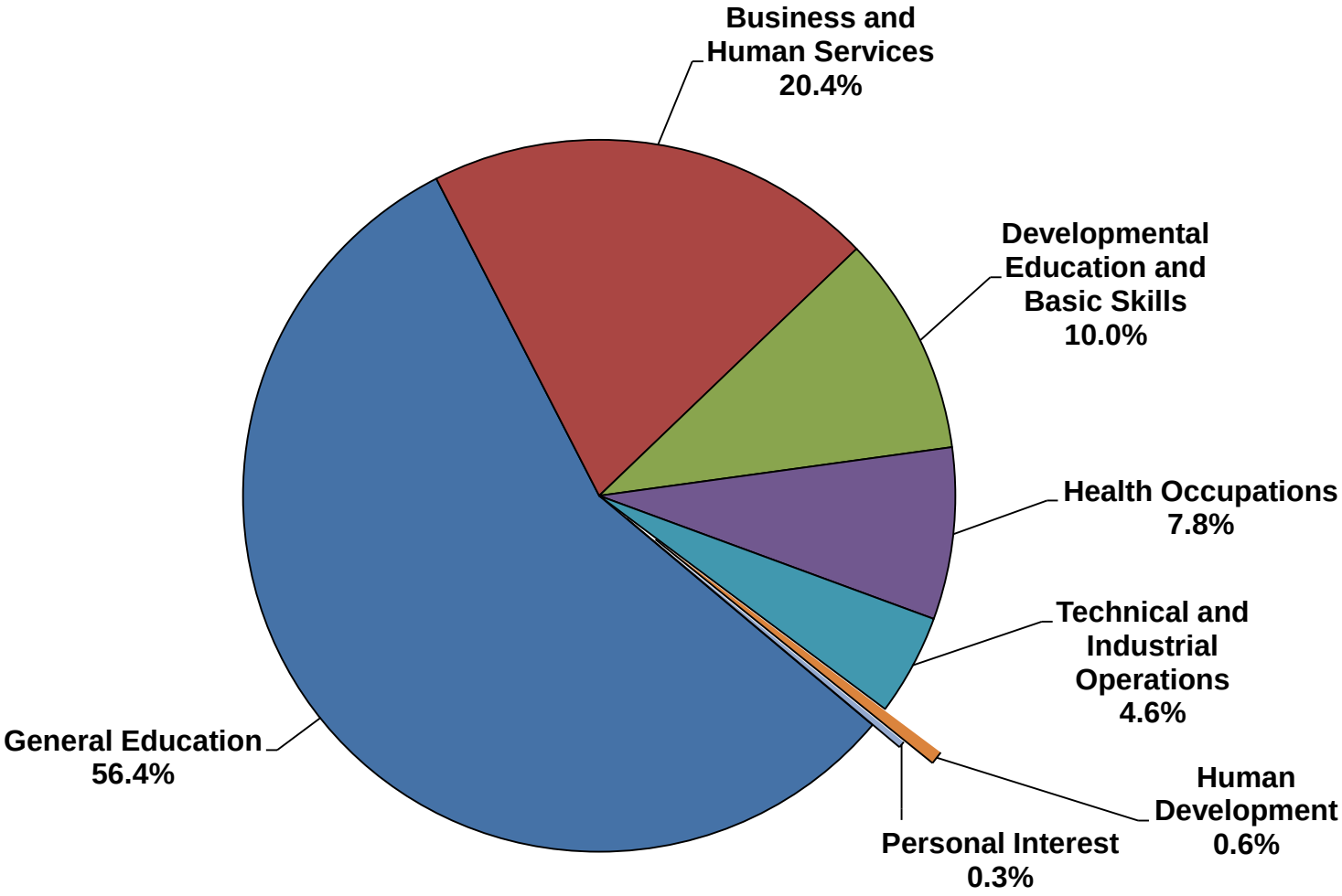


Degree and Certificate Completions

Degree and certificate completions at Michigan community colleges have steadily increased in recent years, generally tracking increases in enrollments.

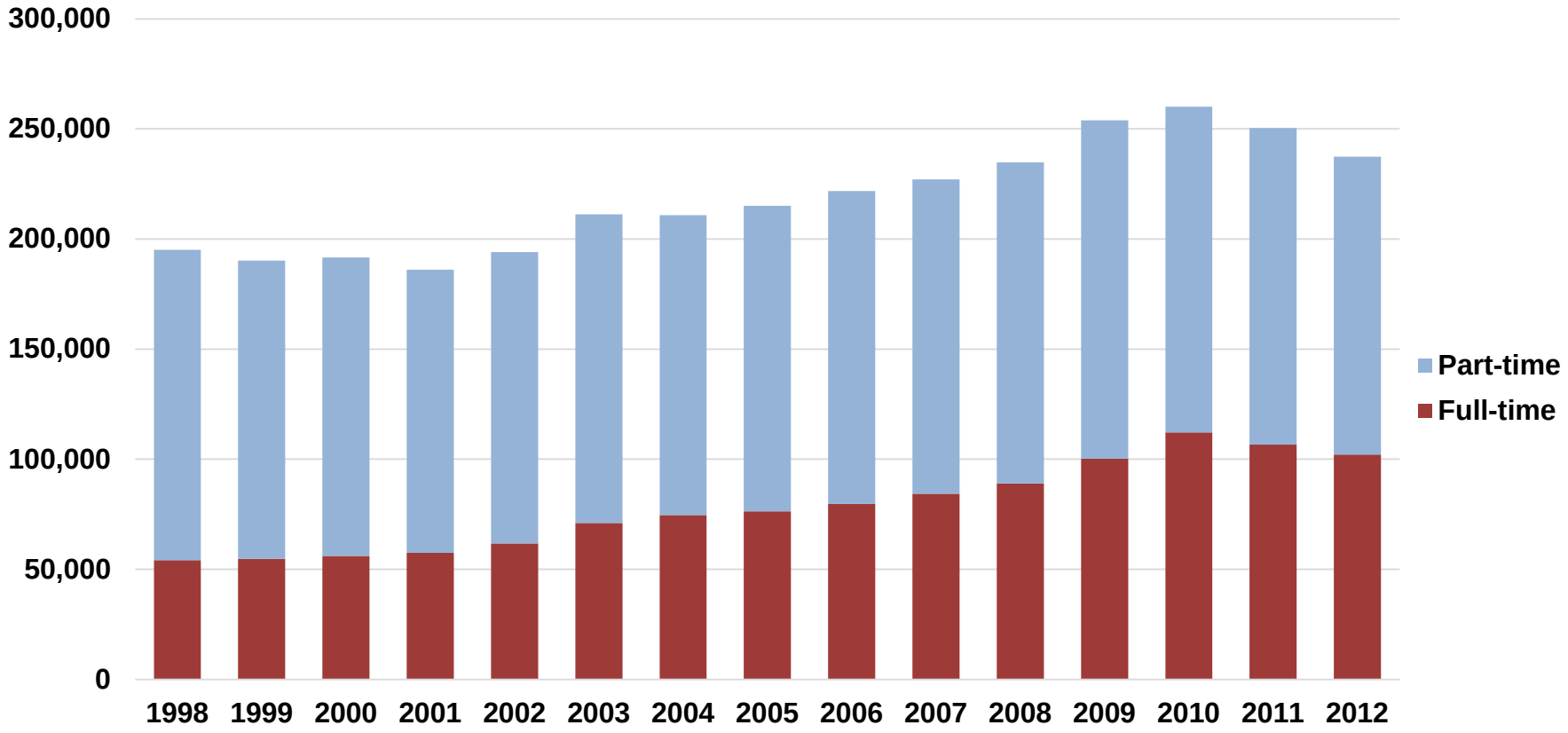


FY 2011-12 Distribution of Students (FYES) By Instructional Area



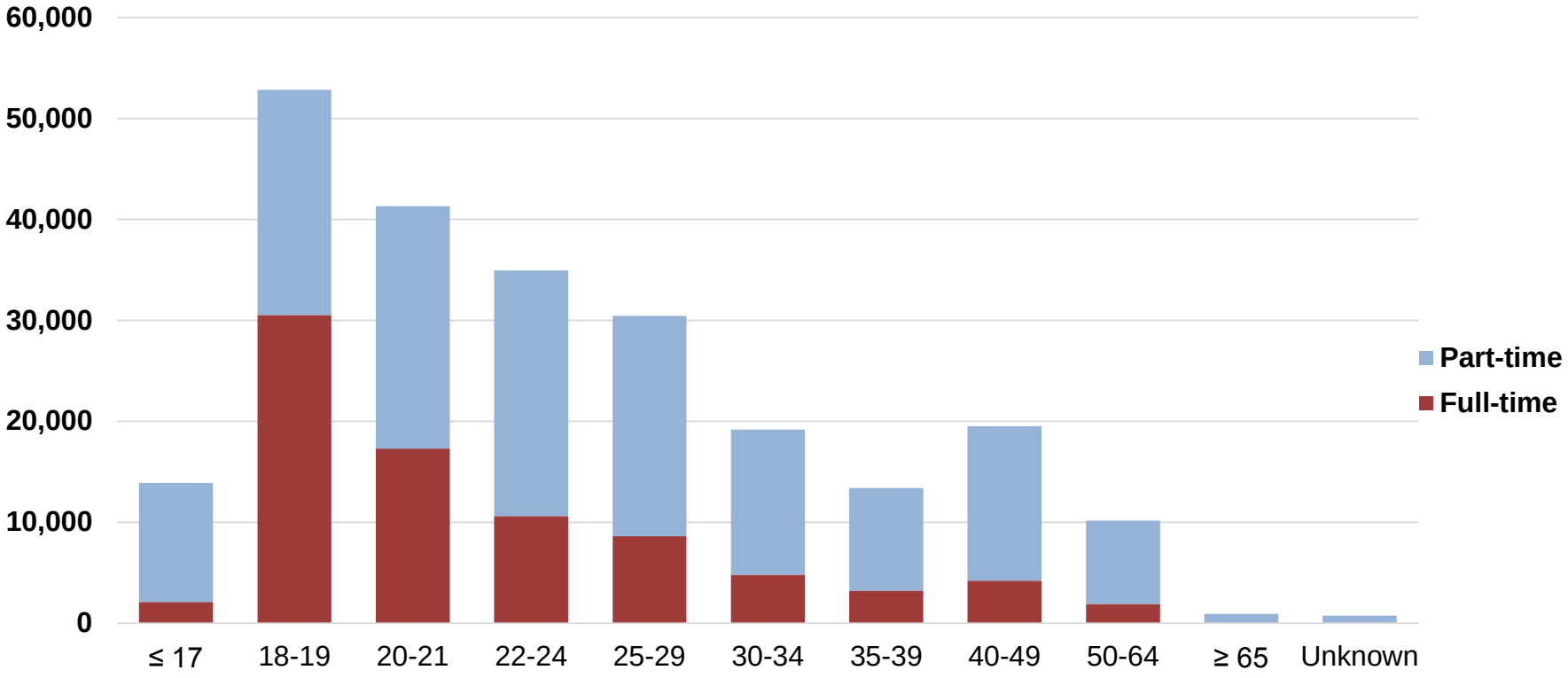
Fall Enrollment Trends

Fall enrollments are a common measure of enrollment trends.



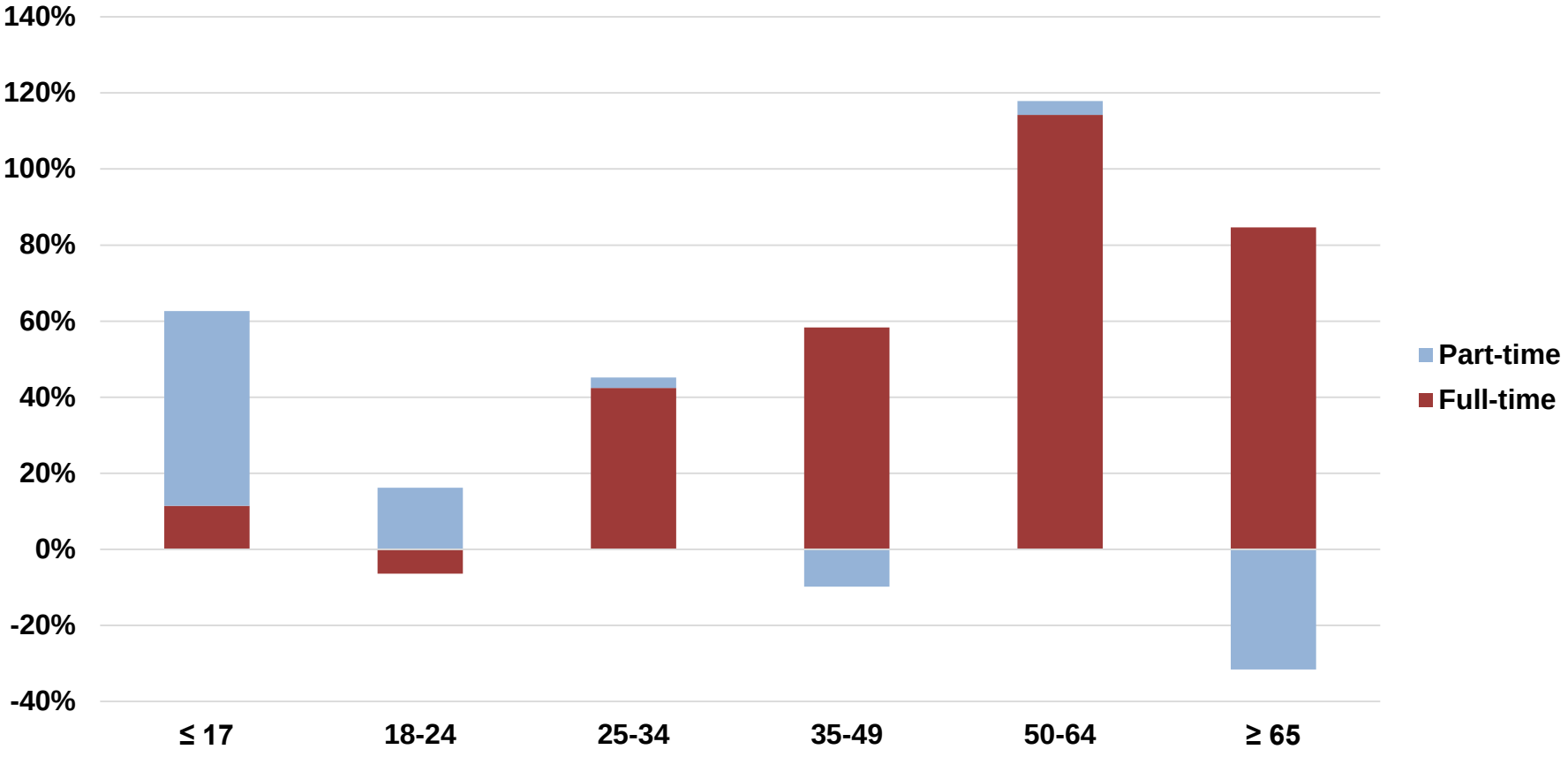
Distribution of Fall Enrollments by Age FY 2011-12

Most community college students are under age 25 and most are part-time students, but the average age of a Michigan community college student in FY 2011-12 was 26.4 years.



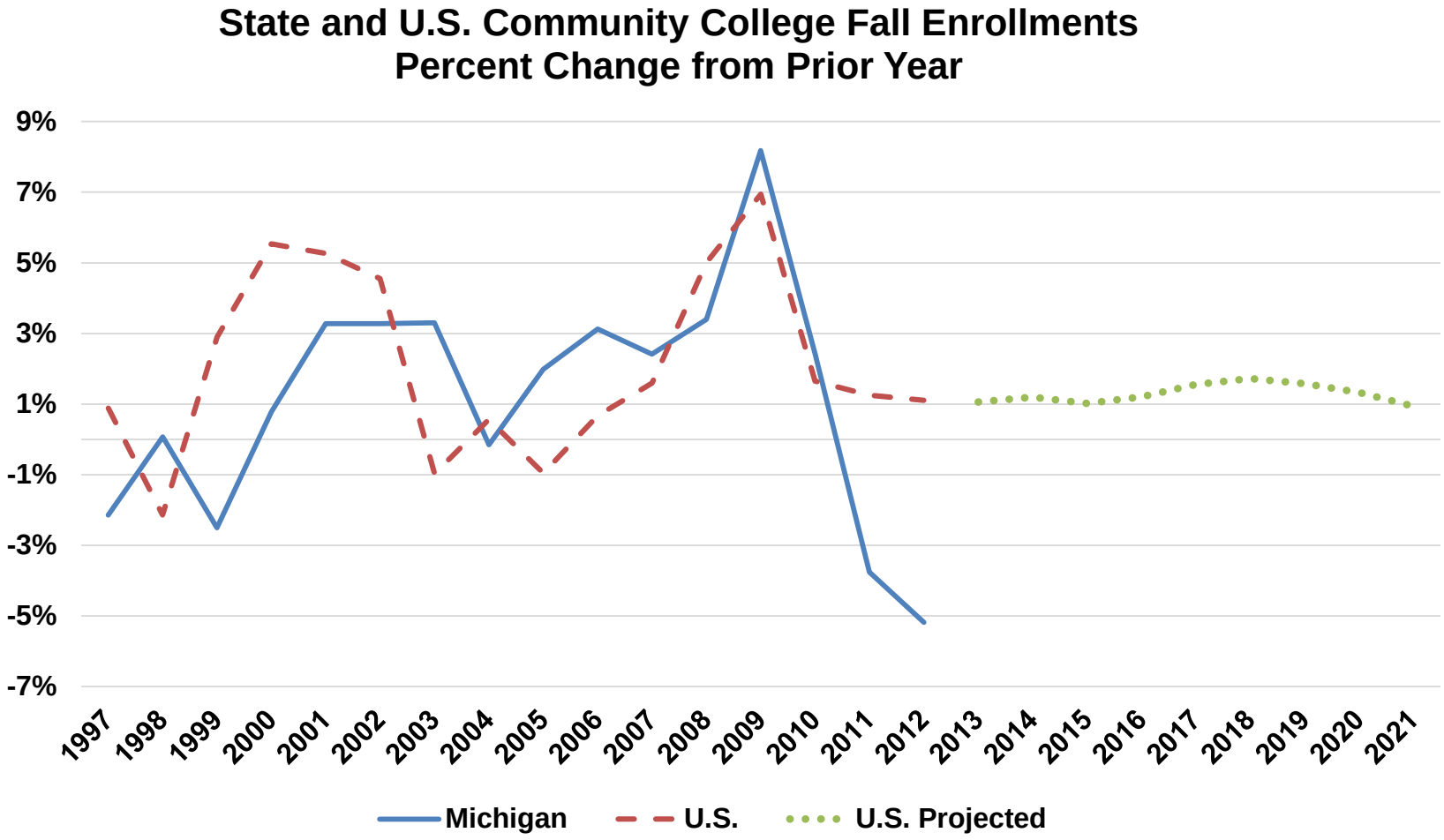
Percent Changes in Fall Enrollments By Age Group, 2006 to 2012

Recent increases in fall enrollments were proportionately greater among students over age 35, which may be a reflection of a return to school for workers displaced by the economic downturn.



State and National Enrollment Trends

Historically, trends in Michigan community college enrollments have often diverged from national trends. While U.S. community college enrollments are expected to increase in the coming years, Michigan may instead see continued decreases offsetting the recent spike in 2009 and reflecting declining numbers of high school graduates.



For more information about the Community Colleges budget, contact:

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