

FISCAL BRIEF

FY 2025-26 COMMUNITY COLLEGE PERFORMANCE FUNDING FORMULA AND TUITION AND FEE RESTRAINT

Perry Zielak, Senior Fiscal Analyst
January 30, 2026

FAST FACTS

- A performance formula typically determines the annual funding increase for community colleges.
- Performance formula funding is added to a community college’s base, which is the amount received in the prior fiscal year.
- Community colleges must comply with a requirement to receive performance funding that restricts tuition and fee increases to the greater of 4.5% or \$227 for FY 2025-26.
- FY 2025-26 allocates \$11.0 million of one-time performance funding to community colleges.

INTRODUCTION

The state appropriation for a community college’s yearly operations funding typically includes three components: the base operations funding, the performance funding increase, and the North American Indian Tuition Waiver (ITW) funding. The base operations funding amount is the community college’s appropriation from the prior fiscal year, less ITW funding. Performance funding is the increased operations funding amount added to the base operations funding for the new fiscal year that is determined through a performance funding formula. Indian Tuition Waiver funding is the amount of funding appropriated to cover a community college’s ITW cost from the most recently reported fiscal year data, which typically has a lag of two fiscal years.

The FY 2025-26 Community Colleges budget, 2025 PA 15, appropriates \$11.0 million in one-time performance funding, a 3.0% base operations increase. The FY 2025-26 budget continues to tie the performance funding increase to tuition and fee restraint requirements, mirroring the tuition and fee restraint requirement for public universities. The FY 2025-26 budget removes \$3.6 million of one-time funding appropriated in FY 2024-25.

COMMUNITY COLLEGE PERFORMANCE FORMULA

Performance funding for community colleges is typically allocated according to a formula based on the following criteria:

- 30% for sustainability. Funding is distributed proportionally to each community college’s share of base operations funding in the prior fiscal year.
- 30% based on contact hours. Contact hours are a measure of instruction time and are a different measurement than credit hours. Funding is distributed based on the number of contact hours per college compared to total contact hours for all 28 community colleges. Contact hours in health, technology and industrial programs receive a 2x weight to account for higher instruction costs.
- 10% based on performance completion improvement. Completions are defined as a student who is awarded an associate degree or certificate or who transfers to a four-year institution. 20% of this category is distributed to colleges that demonstrate an improvement in completions over a six-year period. The remaining 80% of the category is distributed proportionally.

- 10% based on performance completion number. Funding is awarded based on the number of completions over a three-year period relative to the overall number of completions statewide over the same period.
- 10% based on performance completion rate. Funding is awarded based on the six-year completion rates of three student cohorts. The FY 2025-26 formula compares the 2015, 2016 and 2017 cohorts. 20% of the funding in this category is distributed to community colleges above the statewide completion rate three-cohort average, while the remaining 80% is distributed proportionally to all community colleges.
- 5% based on administrative costs. Community colleges with lower reported administrative costs receive a higher portion of funding in this category.
- 5% based on local strategic value. Funding is distributed on a proportional basis to each community college. Colleges must meet at least four out of five practices within three criteria categories to receive funding: economic development and business/industry partnerships, educational partnerships, and community services.¹

Data used to determine various performance formula categories is derived from three sources:

- Performance completion improvement and completion rate categories are collected from the Community College Success Rates Report from the Center for Educational Performance and Information (CEPI).
- The performance completion number category uses student cohort information from the federal Integrated Postsecondary Education Data System (IPEDS).
- Contact hours and administrative cost data is gathered from the latest Michigan Community College Data Inventory (MCCDI) report, provided by CEPI.

The current performance formula has been mostly unchanged since its use in the FY 2016-17 budget. A modified version of the formula was used for FY 2019-20, which reduced the contact hours category from 30% to 25% and added 5% for a new category for community colleges with the lowest taxable values as reported to MCCDI to help address funding disparities for colleges with a lower tax base within their district. Prior versions of a performance funding formula have been used for community college operations increases starting with the FY 2006-07 budget.²

FY 2025-26 one-time performance funding appropriations were determined through use of the performance formula. Unlike ongoing performance funding increases, one-time increases are not added to base operations funding in the following fiscal year. However, the Legislature could decide to roll the one-time operations increases into the base for the FY 2026-27 budget. FY 2024-25 was the most recent Community Colleges budget that allocated a one-time operations increase to community colleges and the Legislature did not roll the increase into the base funding.

PERFORMANCE FUNDING AND TUITION AND FEE RESTRAINT

While a performance funding formula for community colleges has been in use for more than a decade, the FY 2025-26 Community Colleges budget continues to subject the receipt of performance funding to tuition and fee restraint conditions, first implemented during the FY 2022-23 budget. As a comparison, public universities, which use an operations funding model similar to community colleges, have had tuition and fee restraint language in place since the FY 2011-12 budget.

To receive both ongoing and one-time performance funding, community colleges must restrain FY 2025-26 in-district student tuition and mandatory fee increases to 4.5% or \$227, whichever is greater, compared to FY 2024-25.

¹ More information about local strategic value practices can be found here: <http://legislature.mi.gov/doc.aspx?mcl-388-1830>

² More information about prior versions of the community college performance formula can be found here: https://www.house.mi.gov/hfa/PDF/CommunityColleges/CColleges_Performance_Indicators_Formula_Memo.pdf

COMMUNITY COLLEGES BEST PRACTICES REQUIREMENTS PAUSED FOR FY 2025-26

In addition to tuition and fee restraint, community colleges must also follow at least two best practices listed in section 216e ([MCL 388.1816e](#)) to obtain ongoing operations increases. However, because there was not an ongoing operations increase in FY 2025-26, community colleges did not need to comply with the best practice requirement. All community colleges would typically certify two best practices around transfers by doing all of the following:

- Having a policy to help transfer or accept associate degrees from other accredited Michigan postsecondary institutions.
- Publishing the transfer policy on their website and in admissions materials.
- Providing publicly available information on the Michigan Transfer Network, transfer pathways, and financial aid that is available to transfer students.
- Beginning negotiations to increase the number of reverse transfer agreements or articulation agreements and submitting a report on the progress towards that increase by the last business day of February 2025.

Community colleges would typically also need to follow at least one of the following best practices:

- Require all students to receive an academic degree or certificate map that assists students to graduate on time.
- Provide development or remedial courses at a reduced cost to students.
- Provide each student with an academic advisor and requiring students to meet with that advisor at least once a semester or term.
- Provide employees during business hours to assist prospective and current students to complete the Free Application for Federal Student Aid (FAFSA).

TUITION RESTRAINT AND BEST PRACTICES CERTIFICATION

Community colleges are required to certify compliance with the performance funding conditions by the first business day of November, and under the terms of the budget act, the state budget director has the sole authority to determine if a community college has complied with the tuition restraint conditions.

For FY 2025-26, all 28 community colleges have submitted their certifications to the state budget director. In a letter dated November 17, 2025, the state budget director confirmed compliance with performance funding conditions for all 28 institutions.

Attachment 1 shows community college in-district tuition and fee rates for FY 2025-26. Community college tuition and fee rates are computed as unweighted averages; rates for full-time in-district enrollment in FY 2025-26 range from \$3,420 at Washtenaw Community College to \$7,680 at Jackson College. The overall average tuition rate is \$5,107, up from \$4,966 in FY 2024-25. Percentage changes range from no changes at Lansing Community College, Schoolcraft College, Washtenaw Community College and Wayne County Community College to a 4.5% increase at Jackson College and Southwestern Michigan College. The unweighted average increase for all 28 community colleges is 2.8%. Dollar changes range from no changes at Lansing Community College, Schoolcraft College, Washtenaw Community College and Wayne County Community College to \$330 at Jackson College. The unweighted dollar average increase for all 28 community colleges is \$141.08.

Attachment 2 shows operations funding allocated for each community college. Community colleges received a one-time performance funding increase of 3.0%, or \$11.0 million for FY 2025-26. When ITW funding adjustments and the removal of FY 2024-25 one-time funding are factored in, the overall increase is 2.1%, or \$7.6 million. Overall funding increases range from 1.5% at Bay de Noc College and Gogebic Community College to 3.2% at Kirtland Community College.

ATTACHMENT 1

Michigan Community Colleges FY 2025-26 In-District Tuition and Fee Rates

		FY 2025-26 Tuition	Contact/Credit Hour Fees	Per Semester Fees	Total Tuition & Fees Per Contact/Credit Hour	Total Annual Tuition & Fees	Total Increase From FY 2024-25	Total Increase % From FY 2024-25	Fees as a % of Total Per C/C Hour
Alpena	In-district	\$159.00	\$20.00	\$30.00	\$181.00	\$5,430.00	\$180.00	3.4%	12%
Bay de Noc	In-district	160.00	49.00	0.00	209.00	6,270.00	150.00	2.5%	23%
Delta	In-district	136.00	25.00	40.00	163.67	4,910.00	90.00	1.9%	17%
Glen Oaks	In-district	139.00	39.00	0.00	178.00	5,340.00	120.00	2.3%	22%
Gogebic	In-district	149.00	18.00	0.00	167.00	5,010.00	210.00	4.4%	11%
Grand Rapids	In-district	127.00	5.50	147.00	142.30	4,269.00	90.00	2.2%	11%
Henry Ford	In-district	119.00	24.00	110.00	150.33	4,510.00	105.00	2.4%	21%
Jackson	In-district	201.00	55.00	0.00	256.00	7,680.00	330.00	4.5%	21%
Kalamazoo Valley	In-district	130.00	0.00	171.00	141.40	4,242.00	98.00	2.4%	8%
Kellogg	In-district	136.50	30.00	0.00	166.50	4,995.00	180.00	3.7%	18%
Kirtland	In-district	149.00	30.00	0.00	179.00	5,370.00	180.00	3.5%	17%
Lake Michigan	In-district	187.00	0.00	0.00	187.00	5,610.00	165.00	3.0%	0%
Lansing	In-district	120.00	15.00	25.00	136.67	4,100.00	0.00	0.0%	12%
Macomb	In-district	113.00	7.50	141.00	129.90	3,897.00	93.00	2.4%	13%
Mid-Michigan	In-district	160.00	39.50	50.00	202.83	6,085.00	240.00	4.1%	21%
Monroe County	In-district	134.33	28.26	40.00	165.26	4,957.70	174.60	3.7%	19%
Montcalm	In-district	123.00	43.00	0.00	166.00	4,980.00	60.00	1.2%	26%
Mott	In-district	160.00	21.35	160.00	192.02	5,760.50	134.70	2.4%	17%
Muskegon	In-district	141.00	46.00	35.00	189.33	5,680.00	225.00	4.1%	26%
North Central	In-district	152.00	36.00	0.00	188.00	5,640.00	210.00	3.9%	19%
Northwestern	In-district	131.00	35.25	40.00	168.92	5,067.50	187.50	3.8%	22%
Oakland	In-district	115.00	0.00	110.00	122.33	3,670.00	120.00	3.4%	6%
Schoolcraft	In-district	139.00	29.00	56.00	171.73	5,152.00	0.00	0.0%	19%
Southwestern	In-district	151.25	65.00	0.00	216.25	6,487.50	277.50	4.5%	30%
St. Clair County	In-district	158.00	40.00	0.00	198.00	5,940.00	150.00	2.6%	20%
Washtenaw	In-district	99.00	15.00	0.00	114.00	3,420.00	0.00	0.0%	13%
Wayne County	In-district	112.00	13.50	50.00	128.83	3,865.00	0.00	0.0%	13%
West Shore	In-district	131.00	24.00	0.00	155.00	4,650.00	180.00	4.0%	15%
State Average	In-district	\$140.43	\$26.92	\$43.04	\$170.22	\$5,106.72	\$141.08	2.8%	18%

Notes:

- 1) The majority of community colleges charge tuition based on a contact hour basis. 6 colleges (Gogebic, Henry Ford, Kellogg, Schoolcraft, Washtenaw, and Wayne County) charge based on a credit hour basis. Lansing, Macomb, and Monroe County charge based on a billable hour.
- 2) Macomb and Schoolcraft charge per class fees, which are classified here under annual fees for reporting purposes.
- 3) Total Tuition & Fees column is calculated by adding tuition, contact/credit hour fees, and 1/15 of semester fees.
- 4) Annual total is calculated based on 30 contact/credit hours per year.

ATTACHMENT 2
FY 2025-26 Community Colleges Operations Appropriations – Enacted Summary

% of Formula:				30%	10%	10%	10%	30%	5%	5%	100%						
	Total FY 2024-25 Appropriation	FY 25 Indian Tuition Waiver Payment	FY 2024-25 One-Time Distribution	FY 2024-25 Base Appropriation	Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Admin.	Local Strategic Value	Total One-Time Formula Distribution	FY 2024 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	Total FY 26 Indian Tuition Waiver Payment	FY 2025-26 Appropriation	% Change
Alpena	\$6,493,500	\$21,800	\$68,400	\$6,403,300	\$58,197	\$109,487	\$11,934	\$28,671	\$32,768	\$20,471	\$9,700	\$271,100	\$13,500	(8,300)	\$13,500	\$6,687,900	3.0%
Bay de Noc	6,473,100	100,000	75,100	6,298,000	57,240	15,264	11,921	28,502	35,618	20,129	9,540	178,200	92,000	(8,000)	92,000	6,568,200	1.5%
Delta	17,067,300	24,800	160,100	16,882,400	153,438	42,964	43,315	52,087	150,235	25,710	25,573	493,300	51,800	27,000	51,800	17,427,500	2.1%
Glen Oaks	3,016,000	1,800	30,100	2,984,100	27,121	7,232	8,360	19,233	24,694	0	4,520	91,200	2,900	1,100	2,900	3,078,200	2.1%
Gogebic	5,493,600	48,400	46,200	5,399,000	49,070	15,069	7,291	26,995	20,312	12,551	8,178	139,500	40,100	(8,300)	40,100	5,578,600	1.5%
Grand Rapids	21,521,800	111,100	226,500	21,184,200	192,536	51,343	65,957	51,343	267,513	24,731	32,089	685,500	153,100	42,000	153,100	22,022,800	2.3%
Henry Ford	25,554,400	6,400	247,300	25,300,700	229,949	61,320	89,707	61,320	248,019	22,229	38,325	750,900	4,500	(1,900)	4,500	26,056,100	2.0%
Jackson	14,193,900	42,300	119,000	14,032,600	127,537	34,010	33,363	34,010	99,294	15,307	21,256	364,800	27,100	(15,200)	27,100	14,424,500	1.6%
Kalamazoo Valley	14,889,900	37,200	148,300	14,704,400	133,643	35,638	36,624	46,976	131,050	27,470	22,274	433,700	46,900	9,700	46,900	15,185,000	2.0%
Kellogg	11,567,100	35,400	105,000	11,426,700	103,853	27,694	32,359	27,694	89,178	26,306	17,309	324,400	26,700	(8,700)	26,700	11,777,800	1.8%
Kirtland	3,902,200	25,800	41,300	3,835,100	34,856	29,150	12,586	9,295	32,646	22,186	5,809	146,500	46,300	20,500	46,300	4,027,900	3.2%
Lake Michigan	6,474,300	6,000	60,100	6,408,200	58,242	19,547	15,847	26,606	52,430	9,862	9,707	192,200	19,400	13,400	19,400	6,619,800	2.2%
Lansing	36,512,400	81,200	296,800	36,134,400	328,413	122,975	85,677	100,107	212,516	20,285	54,735	924,700	82,100	900	82,100	37,141,200	1.7%
Macomb	38,534,400	23,700	350,100	38,160,600	346,828	92,488	102,319	103,902	366,080	21,202	57,805	1,090,600	90,900	67,200	90,900	39,342,100	2.1%
Mid Michigan	5,975,200	75,500	62,700	5,837,000	53,050	14,147	16,186	14,147	68,197	19,298	8,842	193,900	82,500	7,000	82,500	6,113,400	2.3%
Monroe County	5,426,200	1,800	55,900	5,368,500	48,792	43,903	14,960	24,148	47,654	18,968	8,132	206,600	400	(1,400)	400	5,575,500	2.8%
Montcalm	4,086,000	1,900	50,800	4,033,300	36,657	9,775	11,960	9,775	25,674	22,342	6,110	122,300	1,700	(200)	1,700	4,157,300	1.7%
Mott	18,174,300	5,800	150,700	18,017,800	163,757	43,669	47,540	43,669	144,788	20,963	27,293	491,700	10,300	4,500	10,300	18,519,800	1.9%
Muskegon	10,480,500	21,300	99,300	10,359,900	94,157	25,109	25,107	36,899	78,268	23,365	15,693	298,600	43,500	22,200	43,500	10,702,000	2.1%
North Central	4,162,800	162,500	52,600	3,947,700	35,879	9,568	10,682	22,096	39,492	20,571	5,980	144,300	162,400	(100)	162,400	4,254,400	2.2%
Northwestern	10,914,300	196,800	97,700	10,619,800	96,520	25,739	24,103	38,142	71,407	17,408	16,087	289,400	254,700	57,900	254,700	11,163,900	2.3%
Oakland	25,428,100	33,800	264,300	25,130,000	228,398	60,906	91,598	73,384	305,700	18,434	38,066	816,500	38,400	4,600	38,400	25,984,900	2.2%
Schoolcraft	15,166,400	21,000	173,400	14,972,000	136,075	36,287	51,049	47,760	182,401	26,915	22,679	503,200	25,300	4,300	25,300	15,500,500	2.2%
Southwestern	7,885,300	29,500	69,200	7,786,600	70,770	18,872	11,412	31,463	48,158	17,978	11,795	210,400	19,100	(10,400)	19,100	8,016,100	1.7%
St. Clair County	8,453,900	24,100	87,800	8,342,000	75,817	20,218	30,194	32,726	68,523	18,072	12,636	258,200	13,300	(10,800)	13,300	8,613,500	1.9%
Washtenaw	16,503,100	24,600	221,200	16,257,300	147,757	39,402	134,535	52,115	240,259	26,181	24,626	664,900	19,000	(5,600)	19,000	16,941,200	2.7%
Wayne County	19,642,700	4,400	178,000	19,460,300	176,868	78,456	63,400	47,165	187,877	17,672	29,478	600,900	2,500	(1,900)	2,500	20,063,700	2.1%
West Shore	2,939,100	12,000	30,400	2,896,700	26,327	7,021	7,265	7,021	20,999	12,018	4,388	85,000	17,600	5,600	17,600	2,999,300	2.0%
TOTAL	\$366,931,800	\$1,180,900	\$3,568,300	\$362,182,600	\$3,291,750	\$1,097,250	\$1,097,250	\$1,097,250	\$3,291,750	\$548,625	\$548,625	\$10,972,500	\$1,388,000	\$207,100	\$1,388,000	\$374,543,100	2.1%

Requirements to receive ongoing and one-time performance funding for FY 2025-26:
 1) Restrain FY 2025-26 in-district tuition/fee rate increase to 4.5% or \$227 (whichever is greater).

Data Notes Component	Years
Performance improvement	FYs 2021-2023
Performance completion number	FYs 2021-2023
Performance completion rate	FYs 2021-2023
Contact hours	FY 2024
Administrative	FYs 2023-2024