

**FY 2026-27: COMMUNITY COLLEGES**  
**Summary: As Reported by House Subcommittee**  
**House Bill 5617 (H-1)**



**Analyst: Perry Zielak**

IDG/IDT	FY 2025-26	FY 2026-27	FY 2026-27	FY 2026-27	FY 2026-27	Difference: House	
	Year-to-Date as of 2/11/26	Executive	House	Senate	Conference	From FY 2025-26 YTD	Amount
	\$0	\$0	\$0	\$	\$	\$0	--
<b>Federal</b>	0	0	0			0	--
<b>Local</b>	0	0	0			0	--
<b>Private</b>	0	0	0			0	--
<b>Restricted</b>	493,032,100	525,371,600	491,039,800			(1,992,300)	(0.4)
<b>GF/GP</b>	0	0	0			0	--
<b>Gross</b>	<b>\$493,032,100</b>	<b>\$525,371,600</b>	<b>\$491,039,800</b>	<b>\$</b>	<b>\$</b>	<b>(\$1,992,300)</b>	<b>(0.4)</b>

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.

<b>Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations</b>	<b>FY 2025-26 YTD (as of 2/11/26)</b>	<b>House Change from YTD</b>
<b>1. Community College Operations</b>	<b>Gross</b> \$374,543,100	<b>(\$10,948,600)</b>
<u>Executive</u> includes a net increase of \$23,900 School Aid Fund (SAF) for community college operations, a 0.0% increase when compared to FY 2025-26 operations appropriations. This includes:	Restricted 374,543,100	(10,948,600)
	GF/GP \$0	\$0

- \$11.0 million SAF continuation of FY 2025-26 one-time operations grants for community colleges. The one-time operations funding would be the same as FY 2025-26 one-time operations payments for a net \$0 change compared to the current year.
- \$23,900 SAF increase based on FY 2024-25 North American Indian Tuition Waiver (ITW) program costs reported by institutions.

Attainment of the one-time operations funding would be conditioned on restraining in-district tuition and fee increases to the greater of 4.0% or \$199 (set at 4.5% or \$227 in the current year). Projected funding changes for individual community colleges would range from a decrease of 0.4% to an increase of 0.3%. Total funding for operations would be \$374.6 million SAF.

House includes a net decrease of \$10.9 million SAF for community college operations, a 2.9% decrease when compared to FY 2025-26 operations appropriations. This includes:

- The removal of \$11.0 million SAF of FY 2025-26 one-time operations grants for community colleges.
- \$23,900 SAF increase based on FY 2024-25 North American Indian Tuition Waiver (ITW) program costs reported by institutions.
- The addition of \$14.9 million SAF ongoing for Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) funding (not included in totals here but see item #2).

Total funding for operations would be \$363.6 million SAF.

<b><u>Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations</u></b>	<b><u>FY 2025-26 YTD (as of 2/11/26)</u></b>	<b><u>House Change from YTD</u></b>	
<b>2. Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) Grants</b>	<b>Gross</b>	<b>\$0</b>	<b>\$14,906,300</b>
<u>Executive</u> includes \$33.3 million SAF of one-time funding for Infrastructure, Technology, Equipment, Maintenance, and Safety which would allow community colleges to repair, improve, or maintain existing buildings, facilities, equipment, technological and physical infrastructure, student housing, and school safety measures. Grant funding would be distributed based on each community college receiving a minimum of \$1.0 million, with the remaining amount distributed proportionally using FY 2024-25 Fiscal Year Equated Students (FYES).	Restricted	0	14,906,300
<u>House</u> includes \$14.9 million SAF of ongoing funding for ITEMS. Grant funding would be distributed based on each community college receiving 4.1% of FY 2025-26 base operations funding. Attainment of the ITEMS funding would be conditioned on restraining in-district tuition and fee increases to the greater of 4.0% or \$199 (set at 4.5% or \$227 in the current year). Projected funding changes for individual community colleges when combined with community college operations funding would range from increases of 0.1% to 1.6%.	GF/GP	\$0	\$0
<b>3. Michigan Public School Employee Retirement System (MPSERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment</b>	<b>Gross</b>	<b>\$89,500,000</b>	<b>(\$4,700,000)</b>
<u>Executive</u> decreases funding by \$4.7 million SAF for the state's share of community colleges' MPSERS UAAL, a 5.3% decrease. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 15.21% of payroll set by the Public School Employees Retirement Act (MCL 38.1341). Total funding for the state share of MPSERS would be \$84.8 million SAF.	Restricted	89,500,000	(4,700,000)
<u>House</u> concurs.	GF/GP	\$0	\$0
<b>4. MPSERS Normal Cost Offset</b>	<b>Gross</b>	<b>\$19,600,000</b>	<b>(\$1,250,000)</b>
<u>Executive</u> decreases by \$1.3 million SAF for the community colleges' MPSERS normal cost offset, a 6.4% decrease, due to a lower contribution needed to cover retirement benefits. Total funding for the MPSERS normal cost offset would be \$18.4 million SAF. <u>House</u> concurs.	Restricted	19,600,000	(1,250,000)
	GF/GP	\$0	\$0
<b>5. Michigan Maritime Manufacturing Initiative</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<u>Executive</u> includes \$5.0 million SAF of one-time funding to Macomb Community College for the continuation of the Michigan Maritime Manufacturing Initiative, a partnership between the state and federal government to teach critical skills for maritime construction, welding, and machining. <u>House</u> does not include.	Restricted	0	0
	GF/GP	\$0	\$0

**Major Boilerplate Changes from FY 2025-26**

**Sec. 201f. One-Time Performance Funding Payment Detail – DELETED**

Details the one-time performance funding payment allocations for each community college for FY 2025-26. Executive revises language to apply one-time payments to FY 2026-2027 and states that one-time payments are for the same purposes as operations appropriations made in Sec. 201(2). House deletes.

## **Major Boilerplate Changes from FY 2025-26**

### ***Sec. 201i. Legislatively Directed Spending Items – REVISED***

Requires the legislature to provide the responsible entity and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires the responsible entity to post information about grant recipients on its website; defines responsible entity. Executive revises to require the fiscal agencies to work with the state budget office on the list of legislatively directed spending items, deletes various grant and administration requirements. House revises to require the state budget office to post a list of legislatively directed spending items; requires quarterly reports by the department administering grants; provides requirements for grant audits; prohibits executive and legislative branch employees and immediate family members from receiving grants.

### ***Sec. 203. Use of Internet for Reporting Requirements – REVISED***

Requires community colleges, the Workforce Development Agency, and the Center for Educational Performance and Information (CEPI) to use the Internet to fulfill reporting requirements. House revises to require community colleges and CEPI to post each required report in a single archivable location on the college's or CEPI's website and maintain previous reports grouped by fiscal year.

### ***Sec. 216c. Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) Appropriation Detail – NEW***

Executive adds language that details infrastructure, technology, equipment, maintenance, safety and housing categories that ITEMS funding could be used for by community colleges. Specifies that all community colleges would receive an appropriation of at least \$1.0 million, with the remaining amount distributed proportionally using FY 2024-25 fiscal year equated students (FYES). House concurs but specifies ITEMS appropriations based on 4.1% of FY 2025-26 base operations funding and deletes housing as a potential use of ITEMS funding.

### ***Sec. 216e. Institutional Best Practices Detail – REVISED***

Executive deletes language that details requirement that community colleges must certify to following at least 2 of 5 institutional best practices in order to receive ongoing performance funding increases, one of which must be the best practice on transfers and working to increase the number of reverse transfer or articulation agreements. House revises to add a best practice on posting the costs of degree attainment and the earnings associated with degree attainment.

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

Requires each community college to submit Michigan Community College Data Inventory (MCCDI) data, tuition and fee information, longitudinal data system data, degree and certificate award data, and annual independent audits as required by the last business day of November or have monthly operations payments withheld. Executive revises submission dates of various reporting requirements from the last business day of November to the first business day of November. House concurs but revises to add requirement to archive previous versions from prior fiscal years and add certification for compliance with the Family Education Rights and Privacy Act (FERPA) and the Driver Privacy Protection Act.

### ***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 first business day of November; details tuition restraint requirements in order to receive performance funding for FY 2025-26; and requires community colleges to limit in-district tuition and fee increases to 4.5% or \$227, whichever is greater. Sets FY 2026-27 tuition and fee restraint to the greater of 4.0% or \$199. Executive revises language that limits FY 2026-27 in-district tuition and fee increases to 4.0% or \$199, whichever is greater, and limits FY 2027-28 in-district tuition and fee increases to the greater of 5.0% or \$255. House concurs on FY 2026-27 in-district tuition and fee rates but limits FY 2027-28 in-district tuition and fee increases to the greater of 3.0% or \$153.

### ***Sec. 217c. Charter School Authorizing Body Report – DELETED***

Executive deletes language that requires each community college or tribal college that serves as an authorizing body for public school academies to post a report on various details on public school academies authorized by the institution. House concurs.

### ***Sec. 217f. Institutional Salaries Spending Restriction – REVISED***

Executive deletes language that restricts community colleges from spending more than 10% of operations appropriations on administration and includes which costs are not considered administrative spending, with the sum of money spent over the cap reduced from operations allocations. House retains but removes legislative intent language.

**Major Boilerplate Changes from FY 2025-26**

***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 MiLEAP on the number of North American Indian tuition waiver applications received and approved, the number and monetary value of the waivers, the number of North American Indian students who receive a waiver, the number of students with waivers who withdrew from school, and the number of students with waivers who transferred to a 4-year institution or completed a degree or certificate program. Executive deletes language requiring reporting on students who withdraw and additional reports on graduation completions within 150% of the normal time to complete. House revises language on report recipients.

***Sec. 228. Communication With the Legislature – RETAINED***

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

**FY 2026-27 Community Colleges Operations Appropriations  
As Reported by House Subcommittee**

% of Formula:

	FY 25 Indian				100%				Total FY 27		FY 2026-27 ITEMS	FY 2026-27 Total Appropriation	% Change
	Total FY 2025-26 Appropriation	Tuition Waiver Payment	FY 2025-26 One-Time Distribution	FY 2025-26 Base Appropriation	Total Formula Distribution	FY 2025 Indian Tuition Waiver Cost	Indian Tuition Adjustments	Indian Tuition Waiver Payment	FY 2026-27 Operations Appropriation				
Alpena	\$6,687,900	\$13,500	\$271,100	\$6,403,300	\$0	\$28,100	\$14,600	\$28,100	\$6,431,400	\$263,100	\$6,694,500	0.1%	
Bay de Noc	6,568,200	92,000	178,200	6,298,000	0	112,300	20,300	112,300	6,410,300	262,000	6,672,300	1.6%	
Delta	17,427,500	51,800	493,300	16,882,400	0	46,000	(5,800)	46,000	16,928,400	694,300	17,622,700	1.1%	
Glen Oaks	3,078,200	2,900	91,200	2,984,100	0	400	(2,500)	400	2,984,500	122,500	3,107,000	0.9%	
Gogebic	5,578,600	40,100	139,500	5,399,000	0	18,900	(21,200)	18,900	5,417,900	223,000	5,640,900	1.1%	
Grand Rapids	22,022,800	153,100	685,500	21,184,200	0	203,000	49,900	203,000	21,387,200	874,800	22,262,000	1.1%	
Henry Ford	26,056,100	4,500	750,900	25,300,700	0	7,400	2,900	7,400	25,308,100	1,037,500	26,345,600	1.1%	
Jackson	14,424,500	27,100	364,800	14,032,600	0	22,200	(4,900)	22,200	14,054,800	576,400	14,631,200	1.4%	
Kalamazoo Valley	15,185,000	46,900	433,700	14,704,400	0	40,200	(6,700)	40,200	14,744,600	604,800	15,349,400	1.1%	
Kellogg	11,777,800	26,700	324,400	11,426,700	0	43,300	16,600	43,300	11,470,000	469,600	11,939,600	1.4%	
Kirtland	4,027,900	46,300	146,500	3,835,100	0	46,300	0	46,300	3,881,400	159,100	4,040,500	0.3%	
Lake Michigan	6,619,800	19,400	192,200	6,408,200	0	9,100	(10,300)	9,100	6,417,300	263,500	6,680,800	0.9%	
Lansing	37,141,200	82,100	924,700	36,134,400	0	71,800	(10,300)	71,800	36,206,200	1,484,900	37,691,100	1.5%	
Macomb	39,342,100	90,900	1,090,600	38,160,600	0	27,000	(63,900)	27,000	38,187,600	1,568,300	39,755,900	1.1%	
Mid Michigan	6,113,400	82,500	193,900	5,837,000	0	84,400	1,900	84,400	5,921,400	242,700	6,164,100	0.8%	
Monroe County	5,575,500	400	206,600	5,368,500	0	2,700	2,300	2,700	5,371,200	220,100	5,591,300	0.3%	
Montcalm	4,157,300	1,700	122,300	4,033,300	0	9,500	7,800	9,500	4,042,800	165,400	4,208,200	1.2%	
Mott	18,519,800	10,300	491,700	18,017,800	0	14,300	4,000	14,300	18,032,100	739,200	18,771,300	1.4%	
Muskegon	10,702,000	43,500	298,600	10,359,900	0	52,200	8,700	52,200	10,412,100	426,500	10,838,600	1.3%	
North Central	4,254,400	162,400	144,300	3,947,700	0	162,900	500	162,900	4,110,600	168,500	4,279,100	0.6%	
Northwestern	11,163,900	254,700	289,400	10,619,800	0	266,000	11,300	266,000	10,885,800	445,900	11,331,700	1.5%	
Oakland	25,984,900	38,400	816,500	25,130,000	0	36,900	(1,500)	36,900	25,166,900	1,031,900	26,198,800	0.8%	
Schoolcraft	15,500,500	25,300	503,200	14,972,000	0	17,100	(8,200)	17,100	14,989,100	614,900	15,604,000	0.7%	
Southwestern	8,016,100	19,100	210,400	7,786,600	0	16,500	(2,600)	16,500	7,803,100	320,000	8,123,100	1.3%	
St. Clair County	8,613,500	13,300	258,200	8,342,000	0	9,300	(4,000)	9,300	8,351,300	342,600	8,693,900	0.9%	
Washtenaw	16,941,200	19,000	664,900	16,257,300	0	32,400	13,400	32,400	16,289,700	667,300	16,957,000	0.1%	
Wayne County	20,063,700	2,500	600,900	19,460,300	0	3,700	1,200	3,700	19,464,000	798,000	20,262,000	1.0%	
West Shore	2,999,300	17,600	85,000	2,896,700	0	28,000	10,400	28,000	2,924,700	119,500	3,044,200	1.5%	
<b>TOTAL</b>	<b>\$374,543,100</b>	<b>\$1,388,000</b>	<b>\$10,972,500</b>	<b>\$362,182,600</b>	<b>\$0</b>	<b>\$1,411,900</b>	<b>\$23,900</b>	<b>\$1,411,900</b>	<b>\$363,594,500</b>	<b>\$14,906,300</b>	<b>\$378,500,800</b>	<b>1.1%</b>	

Requirement to receive performance funding for FY 2026-27:

1. Restrain FY 2026-27 in-district tuition/fee rate increase to 4.0% or \$199 (whichever is greater)

Data Notes	
Component	Years
Performance improvement	FYs 2022-2024
Performance completion number	FYs 2022-2024
Performance completion rate	FYs 2022-2024
Contact hours	FY 2025
Administrative	FYs 2022-2024