# COMMUNITY COLLEGES
# Summary of FY 2026-27 Enacted
# Public Act 25 of 2026 (House Bill 5630, Article 2)

**Analyst: Perry Zielak**

| | FY 2025-26 Year-to-Date as of 2/11/26 | FY 2026-27 Enacted | *Difference: Enacted From FY 2025-26 YTD* *Amount* | *%* |
|---|---|---|---|---|
| **IDG/IDT** | $0 | $0 | *$0* | -- |
| **Federal** | 0 | 0 | *0* | -- |
| **Local** | 0 | 0 | *0* | -- |
| **Private** | 0 | 0 | *0* | -- |
| **Restricted** | 493,032,100 | 496,663,500 | *3,631,400* | *0.7* |
| **GF/GP** | 0 | 0 | *0* | -- |
| **Gross** | **$493,032,100** | **$496,663,500** | ***$3,631,400*** | ***0.7*** |

*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.

| Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations | | FY 2025-26 YTD (as of 2/11/26) | FY 2026-27 Enacted Change |
|---|---|---|---|
| ***1. Community College Operations*** | **Gross** | **$374,543,100** | **$3,681,400** |
| Includes a net increase of $3.7 million School Aid Fund (SAF) for community college operations, a 1.0% increase when compared to FY 2025-26 operations appropriations. This includes:<br>• $14.6 million SAF, or 4.0%, one-time increase to operations grants for community colleges when compared to FY 2025-26 ongoing operations, distributed through the performance funding formula.<br>• The removal of $11.0 million SAF of FY 2025-26 one-time operations grants for community colleges.<br>• $23,900 SAF increase based on FY 2024-25 North American Indian Tuition Waiver (ITW) program costs reported by institutions.<br>Attainment of the one-time operations funding will 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 will range from a decrease of 0.3% to an increase of 2.0%. Total funding for operations will be $378.2 million SAF. | Restricted | 374,543,100 | 3,681,400 |
| | GF/GP | $0 | $0 |

***COMMUNITY COLLEGES***

| Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations | | FY 2025-26 YTD (as of 2/11/26) | FY 2026-27 Enacted Change |
|---|---|---|---|
| ***2. Michigan Public School Employee Retirement System (MPSERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment*** | **Gross** | **$89,500,000** | **($4,700,000)** |
| | Restricted | 89,500,000 | (4,700,000) |
| | GF/GP | $0 | $0 |
| 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 will be $84.8 million SAF. | | | |
| ***3. MPSERS Normal Cost Offset*** | **Gross** | **$19,600,000** | **$1,150,000** |
| Increases by $1.2 million SAF for the community colleges' MPSERS normal cost offset, a 5.9% increase, due to a slightly higher contribution needed to cover retirement benefits. Total funding for the MPSERS normal cost offset will be $20.8 million SAF. | Restricted | 19,600,000 | 1,150,000 |
| | GF/GP | $0 | $0 |
| ***4. Michigan Maritime Manufacturing Initiative*** | **Gross** | **$0** | **$3,500,000** |
| Includes $3.5 million SAF of one-time funding for a community college chosen through a competitive grant process to support 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. | Restricted | 0 | 3,500,000 |
| | GF/GP | $0 | $0 |

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

***Sec. 201f. One-Time Performance Funding Payment Detail* – REVISED**
Details the one-time performance funding payment allocations for each community college for FY 2025-26. Revises language detailing the one-time performance funding payment allocations for FY 2026-27.

***Sec. 201h. MPSERS Normal Cost Offset FY 2025-26 Supplemental Appropriation Detail* – NEW**
Adds language that details the $2.4 million SAF supplemental appropriation to the MPSERS normal cost offset for FY 2025-26 due to a slightly higher contribution needed to cover retirement benefits.

***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. Revises to require the House and Senate to work with the State Budget Office (SBO) on the list of legislatively directed spending items, deletes various grant and administration requirements.

***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. Revises to require community colleges to post each required report in a single archivable location on the college's website and maintain the previous seven years of reports grouped by fiscal year.

***Sec. 212. Cost Containment and Efficiency Initiatives* – REVISED**
Encourages community colleges to evaluate and pursue efficiency and cost-containment measures, including joint ventures, consolidating services, program collaboration, improving energy efficiency, eliminating low-volume/high-cost instructional programs, self-insurance, and group purchasing. Adds web-based instruction as an efficiency measure.

***Sec. 213. Work Project Appropriations Status Report* – NEW**
Adds language that requires SBO to report information on all work project accounts, including the status of each account and the amount of any funds that lapsed from previous accounts.

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

***Sec. 217a. Community College Annual Reporting Requirements*** **– REVISED (PARTIALLY UNENFORCEABLE)**
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. Revises submission dates of various reporting requirements from the last business day of November to the first business day of November, adds requirement to archive previous versions from the prior seven fiscal years, and adds reporting requirement on severance payments. *(Governor's signing letter states subsection 4(h) of this section is unenforceable.)*

***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. 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 4.0% or $199.

***Sec. 217c. Charter School Authorizing Body Report*** **– REVISED**
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. Revises language to include fewer reporting requirements and retains reporting that relates to academic and financial information.

***Sec. 217f. Institutional Salaries Spending Restriction*** **– UNENFORCEABLE**
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. *(Governor's signing letter states this section is unenforceable.)*

***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. Deletes language requiring reporting on students who withdraw and additional reports on graduation completions within 150% of the normal time to complete.

***Sec. 228. Communication With the Legislature*** **– UNENFORCEABLE**
Forbids a community college from taking disciplinary action against an employee for communicating with the legislature. *(Governor's signing letter states this section is unenforceable.)*

***COMMUNITY COLLEGES***

## FY 2026-27 Community College Operations Appropriations
## Enacted Summary

| % of Formula: | | | | | 30% | 10% | 10% | 10% | 30% | 5% | 5% | 100% | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total FY 2025-26 Appropriation | FY 25 Indian Tuition Waiver Payment | FY 2025-26 One-Time Distribution | FY 2025-26 Base Appropriation | Sustainability | Performance-Improvement | Performance-Completion Number | Performance-Completion Rate | Contact Hours | Admin. | Local Strategic Value | Total One-Time Formula Distribution | FY 2025 Indian Tuition Waiver Cost | Indian Tuition Waiver Adjustments | Total FY 27 Indian Tuition Waiver Payment | FY 2026-27 Appropriation | % Change |
| Alpena | $6,687,900 | $13,500 | $271,100 | $6,403,300 | $77,596 | $20,692 | $15,326 | $39,926 | $40,232 | $26,564 | $12,933 | $233,300 | $28,100 | $14,600 | $28,100 | $6,664,700 | (0.3%) |
| Bay de Noc | 6,568,200 | 92,000 | 178,200 | 6,298,000 | 76,320 | 20,352 | 15,457 | 39,025 | 49,647 | 21,182 | 12,720 | 234,700 | 112,300 | 20,300 | 112,300 | 6,645,000 | 1.2% |
| Delta | 17,427,500 | 51,800 | 493,300 | 16,882,400 | 204,584 | 54,556 | 57,946 | 54,556 | 205,027 | 33,660 | 34,097 | 644,400 | 46,000 | (5,800) | 46,000 | 17,572,800 | 0.8% |
| Glen Oaks | 3,078,200 | 2,900 | 91,200 | 2,984,100 | 36,162 | 17,691 | 10,364 | 26,173 | 36,275 | 0 | 6,027 | 132,700 | 400 | (2,500) | 400 | 3,117,200 | 1.3% |
| Gogebic | 5,578,600 | 40,100 | 139,500 | 5,399,000 | 65,426 | 41,379 | 9,398 | 37,152 | 28,081 | 19,623 | 10,904 | 212,000 | 18,900 | (21,200) | 18,900 | 5,629,900 | 0.9% |
| Grand Rapids | 22,022,800 | 153,100 | 685,500 | 21,184,200 | 256,714 | 68,457 | 89,579 | 68,457 | 344,410 | 32,388 | 42,786 | 902,800 | 203,000 | 49,900 | 203,000 | 22,290,000 | 1.2% |
| Henry Ford | 26,056,100 | 4,500 | 750,900 | 25,300,700 | 306,599 | 81,760 | 140,042 | 81,760 | 300,177 | 28,888 | 51,100 | 990,300 | 7,400 | 2,900 | 7,400 | 26,298,400 | 0.9% |
| Jackson | 14,424,500 | 27,100 | 364,800 | 14,032,600 | 170,050 | 45,347 | 66,083 | 45,347 | 139,583 | 18,286 | 28,342 | 513,000 | 22,200 | (4,900) | 22,200 | 14,567,800 | 1.0% |
| Kalamazoo Valley | 15,185,000 | 46,900 | 433,700 | 14,704,400 | 178,191 | 85,511 | 48,220 | 63,798 | 173,307 | 36,388 | 29,698 | 615,100 | 40,200 | (6,700) | 40,200 | 15,359,700 | 1.2% |
| Kellogg | 11,777,800 | 26,700 | 324,400 | 11,426,700 | 138,471 | 37,873 | 42,309 | 36,926 | 121,367 | 33,733 | 23,078 | 433,800 | 43,300 | 16,600 | 43,300 | 11,903,800 | 1.1% |
| Kirtland | 4,027,900 | 46,300 | 146,500 | 3,835,100 | 46,474 | 55,002 | 15,620 | 12,393 | 43,917 | 31,244 | 7,746 | 212,400 | 46,300 | 0 | 46,300 | 4,093,800 | 1.6% |
| Lake Michigan | 6,619,800 | 19,400 | 192,200 | 6,408,200 | 77,656 | 45,204 | 21,400 | 36,518 | 74,147 | 16,106 | 12,943 | 284,000 | 9,100 | (10,300) | 9,100 | 6,701,300 | 1.2% |
| Lansing | 37,141,200 | 82,100 | 924,700 | 36,134,400 | 437,884 | 131,950 | 102,694 | 134,668 | 280,454 | 28,400 | 72,981 | 1,189,000 | 71,800 | (10,300) | 71,800 | 37,395,200 | 0.7% |
| Macomb | 39,342,100 | 90,900 | 1,090,600 | 38,160,600 | 462,438 | 147,496 | 125,781 | 139,031 | 471,371 | 27,216 | 77,073 | 1,450,400 | 27,000 | (63,900) | 27,000 | 39,638,000 | 0.8% |
| Mid Michigan | 6,113,400 | 82,500 | 193,900 | 5,837,000 | 70,734 | 18,862 | 22,464 | 18,862 | 81,431 | 30,377 | 11,789 | 254,500 | 84,400 | 1,900 | 84,400 | 6,175,900 | 1.0% |
| Monroe County | 5,575,500 | 400 | 206,600 | 5,368,500 | 65,057 | 17,348 | 19,452 | 33,078 | 61,682 | 22,602 | 10,843 | 230,100 | 2,700 | 2,300 | 2,700 | 5,601,300 | 0.5% |
| Montcalm | 4,157,300 | 1,700 | 122,300 | 4,033,300 | 48,876 | 13,034 | 14,605 | 13,034 | 35,359 | 29,664 | 8,146 | 162,700 | 9,500 | 7,800 | 9,500 | 4,205,500 | 1.2% |
| Mott | 18,519,800 | 10,300 | 491,700 | 18,017,800 | 218,343 | 63,794 | 61,204 | 58,225 | 191,129 | 29,265 | 36,391 | 658,400 | 14,300 | 4,000 | 14,300 | 18,690,500 | 0.9% |
| Muskegon | 10,702,000 | 43,500 | 298,600 | 10,359,900 | 125,543 | 33,478 | 31,617 | 49,690 | 103,002 | 29,940 | 20,924 | 394,200 | 52,200 | 8,700 | 52,200 | 10,806,300 | 1.0% |
| North Central | 4,254,400 | 162,400 | 144,300 | 3,947,700 | 47,839 | 40,497 | 12,624 | 30,755 | 51,415 | 26,675 | 7,973 | 217,800 | 162,900 | 500 | 162,900 | 4,328,400 | 1.7% |
| Northwestern | 11,163,900 | 254,700 | 289,400 | 10,619,800 | 128,693 | 34,318 | 27,409 | 51,571 | 101,245 | 23,077 | 21,449 | 387,800 | 266,000 | 11,300 | 266,000 | 11,273,600 | 1.0% |
| Oakland | 25,984,900 | 38,400 | 816,500 | 25,130,000 | 304,530 | 116,669 | 115,547 | 99,367 | 439,163 | 20,971 | 50,755 | 1,146,800 | 36,900 | (1,500) | 36,900 | 26,313,700 | 1.3% |
| Schoolcraft | 15,500,500 | 25,300 | 503,200 | 14,972,000 | 181,434 | 48,382 | 64,397 | 64,293 | 257,986 | 37,548 | 30,239 | 684,300 | 17,100 | (8,200) | 17,100 | 15,673,400 | 1.1% |
| Southwestern | 8,016,100 | 19,100 | 210,400 | 7,786,600 | 94,360 | 25,163 | 14,883 | 41,626 | 61,141 | 23,860 | 15,727 | 276,800 | 16,500 | (2,600) | 16,500 | 8,079,900 | 0.8% |
| St. Clair County | 8,613,500 | 13,300 | 258,200 | 8,342,000 | 101,090 | 39,812 | 37,708 | 44,558 | 94,300 | 25,872 | 16,848 | 360,200 | 9,300 | (4,000) | 9,300 | 8,711,500 | 1.1% |
| Washtenaw | 16,941,200 | 19,000 | 664,900 | 16,257,300 | 197,009 | 52,536 | 176,669 | 69,965 | 317,346 | 34,815 | 32,835 | 881,100 | 32,400 | 13,400 | 32,400 | 17,170,800 | 1.4% |
| Wayne County | 20,063,700 | 2,500 | 600,900 | 19,460,300 | 235,824 | 81,282 | 95,785 | 62,886 | 253,627 | 23,861 | 39,304 | 792,600 | 3,700 | 1,200 | 3,700 | 20,256,600 | 1.0% |
| West Shore | 2,999,300 | 17,600 | 85,000 | 2,896,700 | 35,103 | 24,557 | 8,416 | 9,361 | 32,179 | 19,297 | 5,850 | 134,800 | 28,000 | 10,400 | 28,000 | 3,059,500 | 2.0% |
| | **$374,543,100** | **$1,388,000** | **$10,972,500** | **$362,182,600** | **$4,389,000** | **$1,463,000** | **$1,463,000** | **$1,463,000** | **$4,389,000** | **$731,500** | **$731,500** | **$14,630,000** | **$1,411,900** | **$23,900** | **$1,411,900** | **$378,224,500** | **1.0%** |

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 2024-2025 |