

**Summary: Executive Budget Recommendation
for Fiscal Year 2026-27
COMMUNITY COLLEGES**



Analyst: Perry Zielak

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	Difference: FY 2026-27 vs. FY 2025-26	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	493,032,100	525,371,600	32,339,500	6.6
GF/GP	0	0	0	--
Gross	\$493,032,100	\$525,371,600	\$32,339,500	6.6

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)	Executive Change from YTD
---	---	--

1. Community College Operations Increase

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:

Gross	\$373,543,100	\$23,900
Restricted	374,543,100	23,900
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.

2. Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) Grants

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).

Gross	\$0	\$33,265,600
Restricted	0	33,265,600
GF/GP	\$0	\$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
3. Michigan Maritime Manufacturing Initiative	Gross	\$0	\$5,000,000
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.	Restricted	0	5,000,000
	GF/GP	\$0	\$0
4. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$89,500,000	(\$4,700,000)
Decreases funding by \$4.7 million SAF for the state's share of community colleges' MPERS 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 MPERS would be \$84.8 million SAF.	Restricted	89,500,000	(4,700,000)
	GF/GP	\$0	\$0
5. MPERS Normal Cost Offset	Gross	\$19,600,000	(\$1,250,000)
Decreases funding by \$1.3 million SAF for the community colleges' MPERS normal cost offset, a 6.4% decrease, due to a lower contribution needed to cover retirement benefits. Total funding for the MPERS normal cost offset would be \$18.4 million SAF.	Restricted	19,600,000	(1,250,000)
	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 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).

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 fiscal agencies to work with the state budget office on the list of legislatively directed spending items, deletes various grant and administration requirements.

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

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).

Sec. 216e. Institutional Best Practices Detail – DELETED

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.

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. Revises submission dates of various reporting requirements from the last business day of November to the first business day of November.

Major Boilerplate Changes from FY 2025-26

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 2027-2028 in-district tuition and fee increases to the greater of 5.0% or \$255.

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

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.

Sec. 217f. Institutional Salaries Spending Restriction – DELETED

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.

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 – DELETED

Deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature.

**FY 2026-27 Community Colleges Operations Appropriations
Executive Recommendation**

% of Formula:	Total FY 2025-26 Appropriation	FY 25 Indian Tuition Waiver Payment	FY 2025-26 One-Time Distribution	FY 2025-26 Base Appropriation	30%	10%	10%	10%	30%	5%	5%	100%	FY 2025 Indian Tuition Waiver Cost	FY 2025 Indian Tuition Waiver Adjustments	Total FY 27 Indian Tuition Waiver Payment	FY 2026-27 Appropriation	% Change	
					Sustainability	Performance- Improvement	Performance- Completion Number	Performance- Completion Rate	Contact Hours	Admin.	Local Strategic Value							Total Formula Distribution
Alpena	\$6,687,900	\$13,500	\$271,100	\$6,403,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$271,100	\$28,100	\$14,600	\$28,100	\$6,702,500	0.2%
Bay de Noc	6,568,200	92,000	178,200	6,298,000	0	0	0	0	0	0	0	0	178,200	112,300	20,300	112,300	6,588,500	0.3%
Delta	17,427,500	51,800	493,300	16,882,400	0	0	0	0	0	0	0	0	493,300	46,000	(5,800)	46,000	17,421,700	0.0%
Glen Oaks	3,078,200	2,900	91,200	2,984,100	0	0	0	0	0	0	0	0	91,200	400	(2,500)	400	3,075,700	(0.1%)
Gogebic	5,578,600	40,100	139,500	5,399,000	0	0	0	0	0	0	0	0	139,500	18,900	(21,200)	18,900	5,557,400	(0.4%)
Grand Rapids	22,022,800	153,100	685,500	21,184,200	0	0	0	0	0	0	0	0	685,500	203,000	49,900	203,000	22,072,700	0.2%
Henry Ford	26,056,100	4,500	750,900	25,300,700	0	0	0	0	0	0	0	0	750,900	7,400	2,900	7,400	26,059,000	0.0%
Jackson	14,424,500	27,100	364,800	14,032,600	0	0	0	0	0	0	0	0	364,800	22,200	(4,900)	22,200	14,419,600	0.0%
Kalamazoo Valley	15,185,000	46,900	433,700	14,704,400	0	0	0	0	0	0	0	0	433,700	40,200	(6,700)	40,200	15,178,300	0.0%
Kelllogg	11,777,800	26,700	324,400	11,426,700	0	0	0	0	0	0	0	0	324,400	43,300	16,600	43,300	11,794,400	0.1%
Kirtland	4,027,900	46,300	146,500	3,835,100	0	0	0	0	0	0	0	0	146,500	46,300	0	46,300	4,027,900	0.0%
Lake Michigan	6,619,800	19,400	192,200	6,408,200	0	0	0	0	0	0	0	0	192,200	9,100	(10,300)	9,100	6,609,500	(0.2%)
Lansing	37,141,200	82,100	924,700	36,134,400	0	0	0	0	0	0	0	0	924,700	71,800	(10,300)	71,800	37,130,900	0.0%
Macomb	39,342,100	90,900	1,090,600	38,160,600	0	0	0	0	0	0	0	0	1,090,600	27,000	(63,900)	27,000	39,278,200	(0.2%)
Mid Michigan	6,113,400	82,500	193,900	5,837,000	0	0	0	0	0	0	0	0	193,900	84,400	1,900	84,400	6,115,300	0.0%
Monroe County	5,575,500	400	206,600	5,368,500	0	0	0	0	0	0	0	0	206,600	2,700	2,300	2,700	5,577,800	0.0%
Montcalm	4,157,300	1,700	122,300	4,033,300	0	0	0	0	0	0	0	0	122,300	9,500	7,800	9,500	4,165,100	0.2%
Mott	18,519,800	10,300	491,700	18,017,800	0	0	0	0	0	0	0	0	491,700	14,300	4,000	14,300	18,523,800	0.0%
Muskegon	10,702,000	43,500	298,600	10,359,900	0	0	0	0	0	0	0	0	298,600	52,200	8,700	52,200	10,710,700	0.1%
North Central	4,254,400	162,400	144,300	3,947,700	0	0	0	0	0	0	0	0	144,300	162,900	500	162,900	4,254,900	0.0%
Northwestern	11,163,900	254,700	289,400	10,619,800	0	0	0	0	0	0	0	0	289,400	266,000	11,300	266,000	11,175,200	0.1%
Oakland	25,984,900	38,400	816,500	25,130,000	0	0	0	0	0	0	0	0	816,500	36,900	(1,500)	36,900	25,983,400	0.0%
Schoolcraft	15,500,500	25,300	503,200	14,972,000	0	0	0	0	0	0	0	0	503,200	17,100	(8,200)	17,100	15,492,300	(0.1%)
Southwestern	8,016,100	19,100	210,400	7,786,600	0	0	0	0	0	0	0	0	210,400	16,500	(2,600)	16,500	8,013,500	0.0%
St. Clair County	8,613,500	13,300	258,200	8,342,000	0	0	0	0	0	0	0	0	258,200	9,300	(4,000)	9,300	8,609,500	0.0%
Washtenaw	16,941,200	19,000	664,900	16,257,300	0	0	0	0	0	0	0	0	664,900	32,400	13,400	32,400	16,954,600	0.1%
Wayne County	20,063,700	2,500	600,900	19,460,300	0	0	0	0	0	0	0	0	600,900	3,700	1,200	3,700	20,064,900	0.0%
West Shore	2,999,300	17,600	85,000	2,896,700	0	0	0	0	0	0	0	0	85,000	28,000	10,400	28,000	3,009,700	0.3%
	\$374,543,100	\$1,388,000	\$10,972,500	\$362,182,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,972,500	\$1,411,900	\$23,900	\$1,411,900	\$374,567,000	0.0%

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