

**Summary: Executive Budget Recommendation
for Fiscal Year 2019-20
COMMUNITY COLLEGES**



Analyst: Perry Zielak

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	408,215,500	408,215,500	0	0.0
GF/GP	0	12,948,500	12,948,500	--
Gross	\$408,215,500	\$421,164,000	\$12,948,500	3.2

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Community Colleges budget supports the 28 public community colleges located throughout the state. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associates' 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 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Community Colleges Operations Increase	Gross	\$322,250,900	\$9,667,500
Increases funding by \$9.7 million GF/GP to increase operations grants to community colleges by 3%, which would be distributed through the performance formula. Attainment of performance funding would be conditioned on restraining in-district tuition and fee increases to 3.2% or \$128, whichever is greater. Projected increases for individual community colleges range from 2.5% to 3.9%. Total funding for operations would be \$331.9 million (\$9.7 million GF/GP).	Restricted	322,250,900	0
	GF/GP	\$0	\$9,667,500
2. Michigan Public School Employee Retirement System (MPSERS) Normal Cost Offset	Gross	\$6,431,000	\$5,781,000
Increases funding by \$5.8 million (\$3.3 million GF/GP) for the community colleges' normal cost portion, which would cover the cost to lower the assumed rate of return for MPSERS from 7.5% to 7.05%. Incorporates \$6.4 million SAF into the base from previous one-time funding that lowered the assumed rate of return from 8% to 7.5%. Total funding for the MPSERS Normal Cost Offset would be \$12.2 million (\$3.3 million GF/GP).	Restricted	6,431,000	2,500,000
	GF/GP	\$0	\$3,281,000
3. MPSERS State Share of UAL Stabilization Payment	Gross	\$75,300,000	(\$2,200,000)
Reduces funding by \$2.2 million SAF for the state's share of community colleges' unfunded liability to MPSERS. The state's share is the difference between the calculated unfunded accrued liability (UAL) contribution to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement Act (MCL 38.1341). Total funding for the state share of MPSERS UAL contribution would be \$73.1 million SAF.	Restricted	75,300,000	(2,200,000)
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u>		<u>FY 2018-19 YTD (as of 3/5/19)</u>	<u>Executive Change from YTD</u>
4. Renaissance Zone Reimbursement Costs	Gross	\$2,500,000	(\$300,000)
Reduces funding for Renaissance Zone reimbursements to community colleges by \$300,000 SAF. Estimated reimbursement payments required by statute have decreased due to Personal Property Tax reforms. Total funding for reimbursements would be \$2.2 million SAF.	Restricted GF/GP	2,500,000 \$0	(300,000) \$0

Major Boilerplate Changes From FY 2018-19

Sec. 206. Michigan Community Colleges Data Inventory (MCCDI) Data – REVISED

Provides for payment of appropriations in 11 installments per year to community colleges; directs Department of Treasury to withhold appropriations if colleges fail to submit Michigan Community College Data Inventory data, longitudinal data system data, annual independent audits, tuition and fee information, and degree and certificate award data as required. Deletes requirement that the State Budget Director notify the legislature before withholding funds from community colleges that fail to comply with reporting requirements.

Sec. 208. Self-Liquidating Projects – DELETED

Deletes language that prohibits colleges from using state funds for construction or maintenance of self-liquidating projects. Deletes requirement of colleges to comply with Joint Capital Outlay Subcommittee (JCOS) use and finance policy for any capital outlay project and subjects colleges that fail to comply to a penalty of 1% of their operations funding for each violation.

Sec. 209. Community College Transparency – REVISED

Requires colleges to post specified information on their websites, including: annual operating budgets, general fund revenue and expenditure projections, a listing of debt service obligations, collective bargaining agreements, health care benefits plans, audits and financial reports, and information on dual enrollment programs and other opportunities for earning college credit while in high school. Deletes a provision authorizing the State Budget Director to withhold a community college's monthly installment payment for failure to comply with posting specified fiscal information on a transparency website.

Sec. 210f. Articulation Agreements and Academic Partnerships Reporting – DELETED

Deletes language where the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

Sec. 212. Cost Containment Initiatives – DELETED

Deletes language that encourages community colleges to evaluate and pursue efficiency and cost-containment measures, including joint ventures, consolidating services, program collaboration, increasing web-based instruction, improving energy efficiency, eliminating low-volume/high-cost instructional programs, self-insurance and group purchasing.

Sec. 217. MCCDI Advisory Committee – REVISED

Requires the Center for Educational Performance and Information (CEPI) to establish, maintain, and coordinate the MCCDI database of community college data. Deletes language that specifies the grouping of community college representatives to be appointed to the advisory committee.

Sec. 225. Tuition Rate Reports – REVISED

Requires 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 August 31. Deletes language that requires community colleges to include the annual cost of attendance based on 30 credits.

Sec. 227. Community College Automobile Purchases – DELETED

Deletes language that forbids the lease or purchase of foreign-made vehicles if vehicles made in Michigan or elsewhere in the U.S. are competitively priced and of comparable quality.

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.

Major Boilerplate Changes From FY 2018-19

Sec. 231. Community Colleges Tuition Restraint – NEW

Adds language that provides tuition restraint requirements in order to receive performance funding increase for FY 2019-20; community colleges must limit in-district tuition and fee increase to 3.2% or \$128, whichever is greater. Defines the term "fee" to include the cost of any charges paid by more than half of all resident students. Defines the term "tuition and fee rate" to be the average cost charged to the majority of students for the 2 semesters with the highest amount of full-time equated students during an academic year. Specifies that the State Budget Director determines if a community college has satisfied the requirements to receive performance funding and provides reports to the appropriations subcommittee and the fiscal agencies.

FY 2019-20 Community Colleges Operations Appropriations
Executive Recommendation

% of Formula:	FY 2018-19 Base	30%	10%	10%	10%	30%	5%	5%	100%	% Change	FY 2019-20 Appropriation
		Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Administrative	Local Strategic Value	*Total Formula Distribution		
Alpena	5,707,600	51,368	15,063	11,001	30,070	24,511	17,960	8,561	158,500	2.8%	\$5,866,100
Bay de Noc	5,624,800	50,623	16,638	12,659	13,499	27,333	15,927	8,437	145,100	2.6%	\$5,769,900
Delta	15,104,300	135,938	36,250	49,314	36,250	123,502	20,958	22,656	424,900	2.8%	\$15,529,200
Glen Oaks	2,620,000	23,580	13,529	4,981	21,784	18,929	2,548	3,930	89,400	3.4%	\$2,709,400
Gogebic	4,844,300	43,599	11,626	6,067	28,929	19,759	11,192	7,266	128,400	2.7%	\$4,972,700
Grand Rapids	18,709,300	168,383	44,902	57,965	44,902	249,391	20,792	28,064	614,400	3.3%	\$19,323,700
Henry Ford	22,463,600	202,172	53,912	45,709	71,394	208,588	18,771	33,695	634,200	2.8%	\$23,097,800
Jackson	12,698,200	114,283	35,284	23,969	30,476	72,100	19,874	19,047	315,000	2.5%	\$13,013,200
Kalamazoo Valley	13,046,600	117,419	31,312	33,603	31,312	125,223	21,053	19,570	379,500	2.9%	\$13,426,100
Kellogg	10,214,400	91,929	24,514	28,997	24,514	73,125	21,717	15,322	280,100	2.7%	\$10,494,500
Kirtland	3,321,600	29,894	28,247	9,971	7,972	27,832	17,929	4,982	126,800	3.8%	\$3,448,400
Lake Michigan	5,672,100	51,049	13,613	13,024	13,613	54,320	11,209	8,508	165,300	2.9%	\$5,837,400
Lansing	32,725,800	294,531	84,781	87,009	78,542	214,895	19,324	49,089	828,200	2.5%	\$33,554,000
Macomb	34,124,000	307,115	81,897	85,408	97,880	335,239	21,462	51,186	980,200	2.9%	\$35,104,200
Mid-Michigan	5,112,400	46,011	12,270	21,853	12,270	57,365	14,581	7,669	172,000	3.4%	\$5,284,400
Monroe County	4,708,600	42,377	23,514	13,417	11,301	47,658	20,194	7,063	165,500	3.5%	\$4,874,100
Montcalm	3,542,900	31,886	20,133	11,001	8,503	25,932	17,366	5,314	120,200	3.4%	\$3,663,100
Mott	16,381,600	147,434	39,316	56,907	54,715	133,007	19,112	24,572	475,100	2.9%	\$16,856,700
Muskegon	9,264,700	83,382	22,235	16,329	22,235	63,203	21,695	13,897	243,000	2.6%	\$9,507,700
North Central	3,402,600	30,623	8,166	10,252	23,705	32,779	18,706	5,104	129,300	3.8%	\$3,531,900
Northwestern	9,625,400	86,628	36,113	23,763	23,101	62,484	16,672	14,438	263,200	2.7%	\$9,888,600
Oakland	22,093,000	198,836	99,123	91,803	53,023	255,201	20,101	33,139	751,200	3.4%	\$22,844,200
Schoolcraft	13,112,900	118,016	62,691	49,857	48,387	166,525	21,324	19,669	486,500	3.7%	\$13,599,400
Southwestern	6,946,900	62,522	21,390	18,351	31,925	36,145	10,426	10,420	191,200	2.8%	\$7,138,100
St. Clair	7,358,700	66,228	19,993	20,317	33,600	61,279	17,784	11,038	230,200	3.1%	\$7,588,900
Washtenaw	13,764,000	123,876	33,034	89,630	49,095	194,027	20,298	20,646	530,600	3.9%	\$14,294,600
Wayne County	17,487,200	157,384	71,025	67,459	57,578	160,287	17,174	26,231	557,100	3.2%	\$18,044,300
West Shore	2,573,400	23,161	6,176	6,133	6,176	29,612	7,227	3,860	82,400	3.2%	\$2,655,800
TOTAL	322,250,900	2,900,250	966,750	966,750	966,750	2,900,250	483,375	483,375	9,667,500	3.0%	\$331,918,400

Data Notes		
Component	Source	Years
Performance improvement	Gov Dashbord^	FYs 2015-2017
Performance completion number	Federal IPEDS	FYs 2015-2017
Performance completion rate	Gov Dashbord^	FYs 2015-2017
Contact hours	State MCCDI	FY 2018
Administrative	State MCCDI	FYs 2017-2018

^Governor's Dashbord stopped collecting data in Jan 2018

*Requirement to receive performance funding increase:
Restrain FY 2019-20 in-district tuition and fee rate increase to 3.2% or \$128 (whichever is greater)