

FY 2019-20: COMMUNITY COLLEGES
Summary: Conference Report
Senate Bill 134 (S-1) CR-1



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IDG/IDT	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Conference	Difference: Conference From FY 2018-19 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	408,215,500	408,215,500	414,719,000	411,496,500	414,719,000	6,503,500	1.6
GF/GP	0	12,948,500	0	4,833,700	0	0	--
Gross	\$408,215,500	\$421,164,000	\$414,719,000	\$416,330,200	\$414,719,000	\$6,503,500	1.6

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 YTD Appropriations	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Conference Change
1. Community Colleges Operations Increase	Gross \$322,250,900	\$2,436,800
<u>Executive</u> increases funding by \$9.7 million GF/GP to increase operations grants to community colleges by 3.0%, 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 Gross (\$9.7 million GF/GP).	Restricted 322,250,900	2,436,800
<u>House</u> increases funding by \$3.2 million School Aid Fund (SAF), a 1.0% increase, which would be distributed through a revised performance formula. House concurs with the in-district tuition and fee restraints. Projected increases for individual community colleges range from 0.8% to 2.2%. Total funding for operations would be \$325.5 million SAF.	GF/GP \$0	\$0
<u>Senate</u> increases funding by \$4.0 million GF/GP, a 1.3% increase, distributed through the performance formula. Senate does not include in-district tuition and fee restraints. Projected increases for individual community colleges range from 1.0% to 1.6%. Total funding for operations would be \$326.3 million Gross (\$4.0 million GF/GP).		
<u>Conference</u> increases funding by \$2.4 million SAF, a 0.8% increase, which would be distributed through a revised performance formula that concurs with the House. Conference does not include in-district tuition and fee restraints. Projected increases for individual community colleges range from 0.4% to 4.8%. Total funding for operations would be \$324.7 million SAF.		

<u>Major Budget Changes From FY 2018-19 YTD Appropriations</u>		<u>FY 2018-19 Year-to-Date (as of 3/5/19)</u>	<u>FY 2019-20 Conference Change</u>
2. North American Indian Tuition Waiver Funding			
<u>Senate</u> provides \$785,500 GF/GP in additional funding for the Indian Tuition Waiver (ITW) program, and rolls the funding into the base operation funding levels for each community college. The supplemental payment helps address a funding shortfall between waiver program costs and funding provided by the state.	Gross	\$1,033,600	\$785,700
	Restricted	1,033,600	785,700
<u>Conference</u> provides \$785,700 SAF in additional funding for the ITW program that helps address a funding shortfall between waiver program costs and funding provided by the state. Conference also unrolls \$1.0 million in current program funding that had been rolled into community college base operations funding and places the appropriation into a delineated ITW category in the operations line. Total ITW program funding would be \$1.8 million SAF.	GF/GP	\$0	\$0
3. Michigan Public School Employee Retirement System (MPERS) Normal Cost Offset			
<u>Executive</u> increases funding by \$5.8 million Gross (\$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 MPERS 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 MPERS Normal Cost Offset would be \$12.2 million Gross (\$3.3 million GF/GP).	Gross	\$6,431,000	\$5,781,000
	Restricted	6,431,000	5,781,000
<u>House</u> increases funding by \$5.8 million SAF. Total funding for the MPERS Normal Cost Offset would be \$12.2 million SAF.	GF/GP	\$0	\$0
<u>Senate</u> concurs with House.			
<u>Conference</u> concurs with House.			
4. MPERS State Share of UAL Stabilization Payment			
<u>Executive</u> reduces funding by \$2.2 million SAF for the state's share of community colleges' unfunded liability to MPERS. 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 MPERS UAL contribution would be \$73.1 million SAF.	Gross	\$75,300,000	(\$2,200,000)
	Restricted	75,300,000	(2,200,000)
<u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	\$0	\$0
5. Renaissance Zone Reimbursement Costs			
<u>Executive</u> 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.	Gross	\$2,500,000	(\$300,000)
	Restricted	2,500,000	(300,000)
<u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	\$0	\$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. Executive deletes requirement that the State Budget Director notify the legislature before withholding funds from community colleges that fail to comply with reporting requirements and changes reporting deadline from November 1 to the first business day of November. House retains the requirement but concurs with date change. Senate concurs with House. Conference concurs with House.

Major Boilerplate Changes From FY 2018-19

Sec. 208. Self-Liquidating Projects – RETAINED

Prohibits colleges from using state funds for construction or maintenance of self-liquidating projects and 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. Executive deletes section. House retains. Senate retains. Conference retains.

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. Executive 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. House retains and adds a requirement that community colleges post a map of the district's boundaries. Senate retains. Conference concurs with House.

Sec. 209a. Campus Safety Information and Resources – REVISED

Requires community colleges to develop a "campus safety information and resources" webpage, which must be linked and displayed on their home webpage. The page must display various safety information and policies, and the schools must certify compliance to the State Budget Director or have monthly state payments withheld. Conference revises compliance certification date to the State Budget Director from August 31 to October 1, 2019 and the last business day of August thereafter.

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

Requires 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. Executive deletes section. House retains, updates dates, and makes report due every even-numbered year. Senate retains. Conference concurs with House.

Sec. 212. Cost Containment Initiatives – RETAINED

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. Executive deletes section. House retains. Senate retains. Conference retains.

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. Executive deletes language that specifies the grouping of community college representatives to be appointed to the advisory committee. House revises language to say a diverse mix of community colleges should be represented. Revises language to make CEPI compile and publish the Demographic Enrollment Profile report. Adds requirement that CEPI compile and publish community college performance improvement and performance completion rate data. Senate retains. Conference concurs with House.

Sec. 218. Prisoner Credit Hours – DELETED

Excludes credit/contact hours for students incarcerated in penal institutions from enrollment data submitted by colleges. House deletes section. Senate retains. Conference concurs with House.

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. Executive deletes language that requires community colleges to include the annual cost of attendance based on 30 credits and changes deadline to last business day of August. House retains annual cost language but concurs with deadline change. Senate concurs with House. Conference concurs with House.

Sec. 227. Community College Automobile Purchases – DELETED

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. Executive deletes section. House concurs. Senate retains. Conference concurs with House.

Sec. 228. Communication with the Legislature – RETAINED

Forbids a community college from taking disciplinary action against an employee for communicating with the legislature. Executive deletes section. House retains. Senate retains. Conference retains.

Major Boilerplate Changes From FY 2018-19

Sec. 230. Performance Indicator Formula – RETAINED

States the formula by which the amount available for performance funding (which is the amount of the annual increase in funding for community college operations) is allocated. House revises formula to reduce weighted contact hour metric from 30% to 25% and adds new metric based on the 6 colleges with lowest taxable values from FY 2017-18 weighted by fiscal year equated students at 5%. Senate retains and updates dates. Conference concurs with House and revises two metrics to reflect the use of data provided by CEPI.

Sec. 230. Community Colleges Tuition Restraint – NOT INCLUDED

Executive adds language as Sec. 231 that provides tuition restraint requirements in order to receive the 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. House concurs but adds language as Sec. 230, and specifies that the 3.2% tuition and fee increase is based on 115% of the Higher Education Price Index for FY 2017-18. Senate does not include. Conference concurs with Senate.

FY 2019-20 Community Colleges Operations Appropriations
Conference Report

% of Formula:		30%	10%	10%	10%	25%	5%	5%	95%	5%			Indian Tuition Waiver Shortfall Payment	*Total Indian Tuition Waiver Payment	FY 2019-20 Appropriation	% Change
FY 2018-19 Base		Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Formula Distribution	Adjustments for Lowest Taxable Value	Total Performance Funding	Indian Tuition Waiver Payment				
Alpena	5,707,600	12,949	3,797	2,773	7,580	5,149	4,527	2,158	38,900	17,600	56,500	10,800	8,500	19,300	\$5,772,600	1.1%
Bay de Noc	5,624,800	12,761	4,194	3,191	3,403	5,742	4,015	2,127	35,400	18,800	54,200	76,200	61,700	137,900	\$5,740,700	2.1%
Delta	15,104,300	34,268	9,138	12,431	9,138	25,944	5,283	5,711	101,900	0	101,900	45,700	(4,800)	40,900	\$15,201,400	0.6%
Glen Oaks	2,620,000	5,944	3,411	1,256	5,491	3,976	642	991	21,700	12,900	34,600	3,400	(2,200)	1,200	\$2,652,400	1.2%
Gogebic	4,844,300	10,990	2,931	1,529	7,292	4,151	2,821	1,832	31,500	13,500	45,000	15,600	44,300	59,800	\$4,933,600	1.8%
Grand Rapids	18,709,300	42,446	11,319	14,612	11,319	52,389	5,241	7,074	144,400	0	144,400	80,600	159,800	240,300	\$19,013,400	1.6%
Henry Ford	22,463,600	50,964	13,590	11,522	17,997	43,818	4,732	8,494	151,100	0	151,100	81,600	(40,000)	41,600	\$22,574,700	0.5%
Jackson	12,698,200	28,809	8,894	6,042	7,682	15,146	5,010	4,801	76,400	0	76,400	18,500	28,200	46,700	\$12,802,900	0.8%
Kalamazoo Valley	13,046,600	29,599	7,893	8,471	7,893	26,305	5,307	4,933	90,400	0	90,400	37,100	18,900	56,000	\$13,155,900	0.8%
Kellogg	10,214,400	23,174	6,180	7,310	6,180	15,361	5,475	3,862	67,500	0	67,500	14,800	64,600	79,400	\$10,346,500	1.3%
Kirtland	3,321,600	7,536	7,120	2,514	2,010	5,847	4,519	1,256	30,800	16,000	46,800	10,000	24,600	34,600	\$3,393,000	2.1%
Lake Michigan	5,672,100	12,868	3,432	3,283	3,432	11,411	2,825	2,145	39,400	0	39,400	8,800	2,500	11,300	\$5,714,000	0.7%
Lansing	32,725,800	74,246	21,372	21,933	19,799	45,143	4,871	12,374	199,700	0	199,700	73,500	80,400	153,900	\$33,005,900	0.9%
Macomb	34,124,000	77,418	20,645	21,530	24,674	70,423	5,410	12,903	233,000	0	233,000	80,900	(44,900)	36,000	\$34,312,100	0.6%
Mid-Michigan	5,112,400	11,599	3,093	5,509	3,093	12,051	3,676	1,933	41,000	43,100	84,000	12,000	128,100	140,100	\$5,324,500	4.1%
Monroe County	4,708,600	10,683	5,928	3,382	2,849	10,011	5,091	1,780	39,700	0	39,700	2,100	(1,200)	900	\$4,747,100	0.8%
Montcalm	3,542,900	8,038	5,075	2,773	2,143	5,448	4,378	1,340	29,200	0	29,200	1,500	4,200	5,700	\$3,576,300	0.9%
Mott	16,381,600	37,165	9,911	14,345	13,793	27,941	4,818	6,194	114,200	0	114,200	55,800	(42,400)	13,400	\$16,453,400	0.4%
Muskegon	9,264,700	21,019	5,605	4,116	5,605	13,277	5,469	3,503	58,600	0	58,600	34,200	43,100	77,300	\$9,366,400	1.1%
North Central	3,402,600	7,720	2,059	2,584	5,976	6,886	4,715	1,287	31,200	0	31,200	44,500	133,400	177,900	\$3,567,200	4.8%
Northwestern	9,625,400	21,837	9,103	5,990	5,823	13,126	4,203	3,640	63,700	0	63,700	122,000	124,700	246,700	\$9,813,800	2.0%
Oakland	22,093,000	50,123	24,987	23,142	13,366	53,610	5,067	8,354	178,600	0	178,600	59,900	(36,200)	23,700	\$22,235,400	0.6%
Schoolcraft	13,112,900	29,750	15,803	12,568	12,197	34,981	5,376	4,958	115,600	0	115,600	32,300	34,700	67,000	\$13,263,200	1.1%
Southwestern	6,946,900	15,761	5,392	4,626	8,048	7,593	2,628	2,627	46,700	0	46,700	14,200	25,500	39,700	\$7,019,100	1.0%
St. Clair	7,358,700	16,695	5,040	5,122	8,470	12,873	4,483	2,782	55,500	0	55,500	29,100	(20,600)	8,500	\$7,393,700	0.5%
Washtenaw	13,764,000	31,227	8,327	22,594	12,376	40,759	5,117	5,204	125,600	0	125,600	33,700	(2,700)	31,000	\$13,886,900	0.9%
Wayne County	17,487,200	39,674	17,904	17,005	14,514	33,671	4,329	6,612	133,700	0	133,700	27,500	(19,000)	8,500	\$17,601,900	0.7%
West Shore	2,573,400	5,838	1,557	1,546	1,557	6,221	1,822	973	19,600	0	19,500	7,300	12,500	19,800	\$2,605,400	1.2%
Total	322,250,900	731,100	243,700	243,700	243,700	609,250	121,850	121,850	2,315,000	121,900	2,436,800	1,033,600	785,700	1,819,100	\$325,473,400	1.0%

Component	Source	Years
Performance improvement	Gov Dashboard^	FYs 2015-2017
Performance completion number	Federal IPEDS	FYs 2015-2017
Performance completion rate	Gov Dashboard^	FYs 2015-2017
Contact hours	State MCCDI	FY 2018
Administrative	State MCCDI	FYs 2017-2018
Lowest taxable value	State MCCDI	FY 2018

^Governor's Dashboard stopped collecting data in Jan 2018

* Indian Tuition Waiver Payments are unrolled from the Operations base amounts. ITW Payments and Shortfall Payment amounts are combined into a "Indian Tuition Waiver Costs Incurred" that are broken out in each college's operations listing in the budget bill