

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
COMMUNITY COLLEGES**



Analyst: Perry Zielak

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	81,200,000	0	(81,200,000)	(100.0)
Local	0	0	0	--
Private	0	0	0	--
Restricted	448,558,000	492,593,200	44,035,200	9.8
GF/GP	0	0	0	--
Gross	\$529,758,000	\$492,593,200	(\$37,164,800)	(7.0)

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) 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 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Community College Operations Increase	Gross	\$341,224,400	\$13,179,800
Includes a net increase of \$13.2 million SAF for community college operations, a 3.9% increase. This includes:	Restricted	341,224,400	13,179,800
<ul style="list-style-type: none"> \$13.6 million SAF, or 4.0%, increase to operations grants for community colleges, which would be distributed through the performance funding formula. \$413,700 SAF decrease based on FY 2021-22 North American Indian Tuition Waiver (ITW) program costs reported by institutions. 	GF/GP	\$0	\$0
Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 4.5% or \$205. Projected funding increases for individual community colleges would range from 2.3% to 5.7%. Total funding for operations would be \$354.4 million SAF.			
2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$92,600,000	\$13,200,000
Increases funding by \$13.2 million SAF for the state's share of community colleges' MPERS UAAL, a 14.3% increase. The state's share is the difference between the calculated UAAL 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 would be \$105.8 million SAF.	Restricted	92,600,000	13,200,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)		Executive Change from YTD
3. MPSERS Offset	Gross	\$1,733,600	\$5,455,400
Increases funding by \$5.5 million SAF for the community colleges' MPSERS offset payment, a 314.7% increase, which assists in offsetting a portion of the contributions owed to MPSERS by community colleges. The increase would equalize the offset for community colleges with the K-12 school district MPSERS offset. Total funding for the MPSERS offset would be \$7.2 million SAF.	Restricted	1,733,600	5,455,400
	GF/GP	\$0	\$0
4. MPSERS Normal Cost Offset	Gross	\$10,800,000	\$12,200,000
Increases funding by \$12.2 million SAF for the community colleges' MPSERS normal cost offset, a 113.0% increase, due to lowering the assumed rate of return from 6.8% to 6.0% pursuant to the dedicated gains policy. Total funding for the MPSERS normal cost offset would be \$23.0 million SAF.	Restricted	10,800,000	12,200,000
	GF/GP	\$0	\$0
5. Michigan Associate Degree in Nursing (ADN) to Bachelor of Science in Nursing (BSN) Completion Grant Program	Gross	\$56,000,000	(\$56,000,000)
Removes \$56.0 million federal Coronavirus State Fiscal Recovery Fund (SFRF) for the Michigan ADN to BSN Completion Grant program. The program allows nurses with an ADN or similar degree to pursue a BSN degree on a community college campus in partnership with a public or independent 4-year college or university BSN-granting program.	Federal	56,000,000	(56,000,000)
	GF/GP	\$0	\$0
6. Community College Academic Catch-up Program	Gross	\$10,000,000	(\$10,000,000)
Removes \$10.0 million federal SFRF for the creation of the Community College Academic Catch-up program administered by the Michigan Community College Association. Community colleges may apply for grant funding to support various summer educational programs for students suffering from potential learning loss related to the COVID-19 pandemic.	Federal	10,000,000	(10,000,000)
	GF/GP	\$0	\$0
7. Michigan Center for Adult College Success	Gross	\$9,200,000	(\$9,200,000)
Removes \$9.2 million federal SFRF for the creation of the Michigan Center for Adult College Success administered by the nonprofit organization TalentFirst. The Center works on ensuring adult enrollment and completion of college degree and certificate programs.	Federal	9,200,000	(9,200,000)
	GF/GP	\$0	\$0
8. Michigan Reconnect Program Short-Term Training Grants	Gross	\$6,000,000	(\$6,000,000)
Removes \$6.0 million federal SFRF for the Michigan Reconnect program short-term training grants. Funds support skills scholarships to a qualified occupational or private training program for individuals at least 21 years old with a high school or equivalent diploma.	Federal	6,000,000	(6,000,000)
	GF/GP	\$0	\$0

Major Boilerplate Changes from FY 2022-23

Consolidation of Boilerplate Reporting Requirements

The executive recommendation consolidates various reporting requirements in a new Section 217a. The affected current-year boilerplate sections include Sections 206, 209 (also removes reporting on current fiscal year budget and dual enrollment programs), 209a, and 215.

Sec. 210h. Community College COVID-19 Vaccination Exemption Requirement – DELETED

Deletes language that details exemptions and reporting requirements that community colleges must provide to students and employees if a campus mandatory vaccine policy is implemented.

Sec. 216. Michigan Reconnect Program Short-Term Training Grants – DELETED

Deletes language that details that Michigan Reconnect program funds for short-term training grants must be expended according to statutory requirements while funding the short-term training grants to include all individuals at least 21 years old; requires the Department of Labor and Economic Opportunity to report on funds expended on a quarterly basis; and designates unexpended funds as a work project.

Major Boilerplate Changes from FY 2022-23

Sec. 216a. Community College Academic Catch-Up Program Detail – DELETED

Deletes language that details the requirements the Michigan Community College Association must follow when awarding academic catchup program grants to individual community colleges through a committee review process, and the requirements community colleges must follow when creating an academic catch-up program in order to receive grant funding.

Sec. 216b. Michigan ADN to BSN Completion Grant Program Detail – DELETED

Deletes language that details the requirements community colleges must follow when creating ADN to BSN partnerships with public and private four-year college and university BSN-granting programs, along with details on what program grant funding can be used for; requires annual assessment by the Michigan Community College Association, the Michigan Association of State Universities, Michigan Independent Colleges and Universities and participating community colleges and four-year colleges and universities; and designates unexpended funds as a work project.

Sec. 217a. Community College Annual Reporting Requirements – NEW

Adds language originally located in Sections 206, 209, 209a, and 215 that details various annual reporting requirements around finances, safety, Title IX, and institutional data. Specifies the state budget director may withhold monthly installments until all reports and data are submitted.

Sec. 217b. Community College Tuition and Fee Restraint and Annual Rate Report – NEW

Adds language originally located in Sections 225 and 230 that 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 last business day of August; details tuition restraint requirements in order to receive performance funding for FY 2023-24; community colleges must limit in-district tuition and fee increases to 4.5% or \$205, 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 community colleges that violate the tuition restraint cap may have their appropriation adjusted.

Sec. 219. Reporting to the P-20 Longitudinal Data System – REVISED

Requires each community college to provide its P-20 longitudinal data system data for the preceding academic year to CEPI by October 15. Adds language originally located in Sections 224 and 226 that requires community colleges provide CEPI data for the P-20 longitudinal data system in order to inform interested high schools of the aggregate academic status of their students and requires community colleges to report by October 15 to CEPI the numbers and types of associate degrees and other certificates awarded by each college.

Sec. 224. Community College Student Aggregate Data Report – DELETED

Requires that community colleges provide CEPI data for the P-20 longitudinal data system in order to inform interested high schools of the aggregate academic status of their students. Relocates requirements of section to Section 219.

Sec. 225. Community College Tuition and Fee Rate Report – DELETED

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 last business day of August. CEPI will then provide the information to various state agencies. Relocates requirements of section to Section 217b.

Sec. 226. Degrees and Certificates Awarded by Community Colleges – DELETED

Requires community colleges to report by October 15 to CEPI the numbers and types of associate degrees and other certificates awarded by each college. Relocates requirements of section to Section 219.

Sec. 226a. Student Loan and Financial Aid Website – DELETED

Deletes language that requires community colleges to post a link on their homepage to the website created by the Department of Treasury containing various student loan and other financial aid information

Sec. 226b. COVID-19 Federal Funding Reporting Requirement – DELETED

Deletes language that requires community colleges to report all federal funding received related to the COVID-19 pandemic and requires report to be posted on a public website.

Sec. 226d. Free and Open Speech Policies Reporting Requirement – DELETED

Deletes legislative intent language that requires community colleges to report on activities related to strategic planning or assessment of policies that provide for open and free speech while protecting students from hate speech and discrimination.

Major Boilerplate Changes from FY 2022-23

Sec. 226g. Campus Advocacy Policy – DELETED

Deletes legislative intent language that requires community colleges to adopt advocacy policies for distribution and demonstrations around first amendment activities and political speech.

Sec. 227. College Level Equivalent Credit Examination Requirements – DELETED

Deletes language that requires community colleges to develop and implement policies for awarding academic credit for college level equivalent credit examinations, allow students to earn college credit through exams once enrolled, post the policies and opportunities for credit examinations and submit a report if the college requires exam scores higher than those recommended by the American Council on Education to earn credit through examinations.

Sec. 227a. Accelerated Degree Completion Pathways Requirement – DELETED

Deletes language that requires community colleges to provide all students with information on accelerated degree completion pathways within the first semester of enrollment, post the information on a public website and create accelerated degree completion pathways if they do not exist.

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.

Sec. 230. Performance Formula Detail, Local Strategic Value Categories, Tuition and Fee Restraint, and Formula Workgroup – REVISED

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. Lists requirements for the local strategic value categories. States that community colleges must participate and submit semi-annual updates to the Michigan Transfer Network to receive performance funding payments. Details tuition restraint requirements in order to receive performance funding. Details language requiring a workgroup consisting of members from the House, Senate, Executive, Michigan Community College Association, community colleges, and support staff to evaluate the performance formula and equitable community college funding measures and produce recommendations by December 15, 2022. Relocates tuition and fee restraint requirements and definitions to Section 217b and deletes workgroup language.

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>		<u>FY 2022-23 Recommendation</u>
1. Infrastructure, Technology, Equipment, and Maintenance (ITEM)	Gross	\$58,722,500
Includes \$58.7 million SAF for ITEM. The funds would allow community colleges to repair, improve, or maintain existing buildings, facilities, equipment and technological and physical infrastructure. Individual community college allocations would be distributed based on calculated FY 2021-22 fiscal year equated student (FYES) enrollment.	Restricted GF/GP	58,722,500 \$0
2. Student Wellness Fund	Gross	\$16,148,700
Includes \$16.1 million SAF of one-time funding for the creation of the student wellness fund. The funds would allow community colleges to identify and address student wellness and mental health needs through campus support services. Individual community college allocations would be distributed based on calculated FY 2021-22 FYES enrollment.	Restricted GF/GP	16,148,700 \$0

**FY 2023-24 Community Colleges Operations Appropriations
Executive Recommendation**

% of Formula:	FY 2022-23		FY 2022-23 Base Appropriation	30%	10%	10%	10%	30%	5%	5%	100%	FY 2022 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	Total Indian Tuition Waiver Payment	FY 2023-24 Appropriation	% Change
	Total FY 2022-23 Appropriation	Indian Tuition Waiver Payment		Sustainability	Performance- Improvement	Performance- Completion Number	Performance- Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Formula Distribution	FY 2022 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	Total Indian Tuition Waiver Payment	FY 2023-24 Appropriation	% Change
Alpena	\$6,040,500	\$13,700	\$6,026,800	\$72,321	\$19,286	\$16,668	\$35,654	\$36,602	\$26,476	\$12,054	\$219,100	\$26,500	12,800	\$26,500	\$6,272,400	3.8%
Bay de Noc	5,986,700	109,700	5,877,000	70,524	24,856	15,420	36,067	49,257	38,773	11,754	246,700	113,900	4,200	113,900	6,237,600	4.2%
Delta	15,928,400	40,200	15,888,200	190,658	56,457	62,679	50,842	177,007	33,858	31,776	603,300	48,200	8,000	48,200	16,539,700	3.8%
Glen Oaks	2,802,100	0	2,802,100	33,625	8,967	9,636	26,638	24,970	79	5,604	109,500	0	0	0	2,911,600	3.9%
Gogebic	5,145,800	42,500	5,103,300	61,239	22,495	8,996	35,777	26,617	15,809	10,207	181,100	37,900	(4,600)	37,900	5,322,300	3.4%
Grand Rapids	19,950,600	184,400	19,766,200	237,194	63,252	90,339	78,691	324,868	28,654	39,532	862,500	122,000	(62,400)	122,000	20,750,700	4.0%
Henry Ford	23,731,400	31,300	23,700,100	284,401	114,271	114,989	75,840	320,109	26,748	47,400	983,800	14,100	(17,200)	14,100	24,698,000	4.1%
Jackson	13,337,700	42,600	13,295,100	159,541	42,544	33,772	42,544	118,956	23,273	26,590	447,200	33,300	(9,300)	33,300	13,775,600	3.3%
Kalamazoo Valley	13,832,700	56,600	13,776,100	165,313	44,083	49,784	60,541	185,334	32,029	27,552	564,600	57,500	900	57,500	14,398,200	4.1%
Kellogg	10,781,400	27,000	10,754,400	129,053	34,414	41,209	50,387	103,196	32,109	21,509	411,900	21,000	(6,000)	21,000	11,187,300	3.8%
Kirtland	3,601,000	23,100	3,577,900	42,935	11,449	14,422	11,449	41,339	27,446	7,156	156,200	19,800	(3,300)	19,800	3,753,900	4.2%
Lake Michigan	5,990,800	12,400	5,978,400	71,741	55,075	19,271	19,131	79,277	15,239	11,957	271,700	3,600	(8,800)	3,600	6,253,700	4.4%
Lansing	34,339,200	110,300	34,228,900	410,746	126,527	109,703	126,143	301,783	24,865	68,458	1,168,200	63,500	(46,800)	63,500	35,460,600	3.3%
Macomb	35,950,400	38,500	35,911,900	430,942	136,708	113,804	131,192	469,261	25,041	71,824	1,378,700	26,500	(12,000)	26,500	37,317,100	3.8%
Mid Michigan	5,555,700	97,600	5,458,100	65,497	23,693	17,338	17,466	75,469	17,448	10,916	227,800	55,600	(42,000)	55,600	5,741,500	3.3%
Monroe County	5,005,000	1,400	5,003,600	60,043	30,441	18,180	16,011	64,524	25,704	10,007	224,900	2,100	700	2,100	5,230,600	4.5%
Montcalm	3,767,400	8,500	3,758,900	45,107	17,931	17,432	12,028	33,732	24,866	7,518	158,600	9,500	1,000	9,500	3,927,000	4.2%
Mott	17,127,100	28,800	17,098,300	205,179	54,714	53,526	54,714	127,385	24,979	34,197	554,700	31,500	2,700	31,500	17,684,500	3.3%
Muskegon	9,775,400	42,000	9,733,400	116,801	42,902	30,404	47,629	95,602	29,185	19,467	382,000	12,700	(29,300)	12,700	10,128,100	3.6%
North Central	3,779,800	163,900	3,615,900	43,391	40,990	15,779	27,641	43,582	23,690	7,232	202,300	142,200	(21,700)	142,200	3,960,400	4.8%
Northwestern	10,162,300	155,500	10,006,800	120,081	37,899	28,876	49,009	94,807	22,490	20,014	373,200	17,700	(137,800)	17,700	10,397,700	2.3%
Oakland	23,505,300	35,800	23,469,500	281,633	75,102	114,054	92,712	373,250	27,597	46,939	1,011,300	22,300	(13,500)	22,300	24,503,100	4.2%
Schoolcraft	13,960,700	21,200	13,939,500	167,274	53,475	66,826	44,606	231,586	26,230	27,879	617,900	30,700	9,500	30,700	14,588,100	4.5%
Southwestern	7,359,900	27,100	7,332,800	87,993	43,542	14,859	42,201	53,345	23,430	14,666	280,000	12,700	(14,400)	12,700	7,625,500	3.6%
St. Clair County	7,805,200	18,600	7,786,600	93,439	35,503	39,619	42,176	92,887	19,870	15,573	339,100	16,000	(2,600)	16,000	8,141,700	4.3%
Washtenaw	14,875,000	23,700	14,851,300	178,215	68,943	176,732	64,747	308,038	32,950	29,703	859,300	12,700	(11,000)	12,700	15,723,300	5.7%
Wayne County	18,384,700	8,600	18,376,100	220,513	58,803	56,271	58,803	201,982	20,651	36,752	653,800	4,600	(4,000)	4,600	19,034,500	3.5%
West Shore	2,742,200	21,200	2,721,000	32,652	15,029	8,763	8,707	23,286	10,186	5,442	104,200	14,400	(6,800)	14,400	2,839,600	3.6%
	\$341,224,400	\$1,386,200	\$339,838,200	\$4,078,050	\$1,359,350	\$1,359,350	\$1,359,350	\$4,078,050	\$679,675	\$679,675	\$13,593,600	\$972,500	(\$413,700)	\$972,500	\$354,404,300	3.9%

Requirement to receive performance funding for FY 2023-24:

1. Restrain FY 2023-24 in-district tuition/fee rate increase to 4.5% or \$205 (whichever is greater)

Data Notes	Years
Component	
Performance improvement	FYs 2019-2021
Performance completion number	FYs 2019-2021
Performance completion rate	FYs 2019-2021
Contact hours	FY 2022
Administrative	FYs 2021-2022