

**COMMUNITY COLLEGES**  
**Summary: Conference Report**  
**Article 2, Senate Bill 927 (H-1) CR-1**

Analyst: Perry Zielak

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Conference	Difference: Conference From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	414,719,000	425,667,600	10,948,600	2.6
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$414,719,000</b>	<b>\$425,667,600</b>	<b>\$10,948,600</b>	<b>2.6</b>

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

**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. 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 2019-20 YTD Appropriations**

		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
<b>1. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment</b>	<b>Gross</b>	<b>\$73,100,000</b>	<b>\$10,800,000</b>
	Restricted	73,100,000	10,800,000
	GF/GP	\$0	\$0

Increases funding by \$10.8 million School Aid Fund (SAF) for the state's share of community colleges' UAAL to MPERS, a 14.8% increase, due to implementing recommendations made by the 2018 Actuarial Experience Study. 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 \$83.9 million SAF.

<b>2. MPERS Normal Cost Offset</b>	<b>Gross</b>	<b>\$12,212,000</b>	<b>\$182,000</b>
	Restricted	12,212,000	182,000
	GF/GP	\$0	\$0

Increases funding by \$182,000 SAF for the community colleges' normal cost portion, a 1.5% increase, which would cover the cost to lower the assumed rate of return for MPERS from 7.05% to 6.8% due to the dedicated gains policy. Total funding for the MPERS Normal Cost Offset would be \$12.4 million SAF.

**COMMUNITY COLLEGES**

<b><u>Major Budget Changes From FY 2019-20 YTD Appropriations</u></b>		<b><u>FY 2019-20 Year-to-Date (as of 2/6/20)</u></b>	<b><u>FY 2020-21 Conference Change</u></b>
<b>3. North American Indian Tuition Waiver Funding</b>	<b>Gross</b>	<b>\$1,819,100</b>	<b>(\$33,400)</b>
Reduces funding by \$33,400 SAF for the North American Indian Tuition Waiver program. Funding was adjusted to match each community college's most recent reported cost in providing the tuition waiver to eligible students. The appropriation is a delineated category within each community college's operations funding line. Total ITW program funding would be \$1.8 million SAF.	Restricted	1,819,100	(33,400)
	GF/GP	\$0	\$0

**Boilerplate Changes From FY 2019-20**

***Sec. 201a. FY 2020-21 Appropriations – DELETED***

Deletes legislative intent language for FY 2020-21 appropriations to be the same as those for FY 2019-20, adjusted for caseloads, available federal funds, economic factors, and available revenue, with an estimated MPSERS FY 2020-21 payment to be \$98.5 million.

***Sec. 201c. FY 2019-20 Coronavirus Relief Fund Allocations – DELETED***

Deletes language that specified FY 2019-20 individual community college allocations, stated that a community college must comply with all the requirements of the CARES Act, and community colleges found not to be in compliance with the act must return the funds allocated or have future appropriations withheld.

***Sec. 206. Appropriations Payment Schedule and Reporting Requirements – 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 Colleges Data Inventory (MCCDI) data, longitudinal data system data, annual independent audits, tuition and fee information, and degree and certificate award data as required. Changes reporting date for MCCDI from first business day of November to the first business day of December for FY 2020-21 only.

***Sec. 209. Transparency Website and Reporting Requirements – 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 benefit plans, audits and financial reports, and information on dual enrollment programs and other opportunities for earning college credit while in high school. Changes reporting date on current fiscal year data from November 15 to December 15 for FY 2020-21 only. Deletes requirement to report dual enrollment programs and high school college credit data to the Center for Educational Performance and Information (CEPI).

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

Deletes language that requires the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) to 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. 222. Community College Annual Financial Audit and Reporting – REVISED***

Requires colleges to submit audited financial statements to CEPI before November 15. CEPI will then provide the information to various state agencies. Changes reporting date to submit audits from November 15 to December 15 for FY 2020-21 only.

***Sec. 223. North American Indian Tuition Waiver Reporting Requirements – REVISED***

Requires community colleges to report to the Department of Civil Rights on the number of North American Indian tuition waiver applications received and approved, the number and monetary value of the waivers, the number of students with waivers who withdrew from school, and the number of students with waivers who completed a degree or certificate program. Changes reporting due date from February 15 to January 15. Adds reporting requirement for tribal institutions that receive program funding to report tuition waiver data to the department.

***Sec. 226a. Student Loan and Financial Aid Website – NEW***

Adds 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.

**Boilerplate Changes From FY 2019-20**

***Sec. 226b. 2020-21 Academic Year and Covid-19 Reporting Requirements – NEW***

Adds language that requires community colleges to report various enrollment and student residential data for the 2020-21 academic year by September 30, 2021. Requires community colleges to report information related to online and Covid-19 fees, along with Covid-19 mitigation strategies and related data by November 1, 2020.

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

Adds 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.

***Sec. 226e. 60% Post-Secondary Degree, Certification or Credential Obtainment Goal – NEW***

Adds legislative intent language that sets a goal of 60% of Michigan residents to obtain a post-secondary credential, certification or degree by 2030.

***Sec. 229. Veterans and Active Soldiers Notice on Applications and Tuition and Fee Rates – REVISED***

States each community college is expected to include in its application for admission a specific question as to whether the applicant is a current or former member of the armed forces. Urges colleges to work with various organizations to review the issue of in-district tuition for veterans. Adds requirement that community colleges provide reasonable programming and scheduling accommodation for a student's military, military reserves or National Guard training and duty obligations.

***Sec. 230. Performance Formula Detail and Local Strategic Value Categories – 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. States that community colleges must participate and submit semi-annual updates to the Michigan Transfer Network to receive performance funding payments. Revises formula to change the weighted student contact hour category from 25% to 30% and removes the lowest taxable value colleges category. States the formula does not apply to fiscal year 2020-21.

**COMMUNITY COLLEGES**

**FY 2020-21 Community College Operations Appropriations  
Conference Summary**

% of Formula:		30%	10%	10%	10%	30%	5%	5%								
New Money:		\$0	\$0	\$0	\$0	\$0	\$0	\$0								
	FY 2019-20															
	Indian Tuition Waiver Payment	FY 2019-20 Base	Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Performance Funding	FY 2019 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	*Total Indian Tuition Waiver Payment	FY 2020-21 Appropriation	% Change	
Alpena	\$19,300	\$5,772,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,200	(5,100)	\$14,200	\$5,767,500	(0.1%)	
Bay de Noc	137,900	5,740,700	0	0	0	0	0	0	0	0	116,700	(21,200)	\$116,700	\$5,719,500	(0.4%)	
Delta	40,900	15,201,400	0	0	0	0	0	0	0	0	47,700	6,800	\$47,700	\$15,208,200	0.0%	
Glen Oaks	1,200	2,652,400	0	0	0	0	0	0	0	0	0	(1,200)	\$0	\$2,651,200	0.0%	
Gogebic	59,900	4,933,600	0	0	0	0	0	0	0	0	49,600	(10,300)	\$49,600	\$4,923,300	(0.2%)	
Grand Rapids	240,300	19,013,400	0	0	0	0	0	0	0	0	233,900	(6,400)	\$233,900	\$19,007,000	(0.0%)	
Henry Ford	41,600	22,574,700	0	0	0	0	0	0	0	0	24,500	(17,100)	\$24,500	\$22,557,600	(0.1%)	
Jackson	46,700	12,802,900	0	0	0	0	0	0	0	0	58,000	11,300	\$58,000	\$12,814,200	0.1%	
Kalamazoo Valley	56,000	13,155,900	0	0	0	0	0	0	0	0	63,800	7,800	\$63,800	\$13,163,700	0.1%	
Kellogg	79,400	10,346,500	0	0	0	0	0	0	0	0	61,600	(17,800)	\$61,600	\$10,328,700	(0.2%)	
Kirtland	34,600	3,393,000	0	0	0	0	0	0	0	0	36,400	1,800	\$36,400	\$3,394,800	0.1%	
Lake Michigan	11,300	5,714,000	0	0	0	0	0	0	0	0	8,600	(2,700)	\$8,600	\$5,711,300	0.0%	
Lansing	153,900	33,005,900	0	0	0	0	0	0	0	0	158,000	4,100	\$158,000	\$33,010,000	0.0%	
Macomb	36,000	34,312,100	0	0	0	0	0	0	0	0	43,400	7,400	\$43,400	\$34,319,500	0.0%	
Mid-Michigan	140,100	5,324,500	0	0	0	0	0	0	0	0	124,800	(15,300)	\$124,800	\$5,309,200	(0.3%)	
Monroe County	900	4,747,100	0	0	0	0	0	0	0	0	500	(400)	\$500	\$4,746,700	0.0%	
Montcalm	5,700	3,576,300	0	0	0	0	0	0	0	0	7,100	1,400	\$7,100	\$3,577,700	0.0%	
Mott	13,400	16,453,400	0	0	0	0	0	0	0	0	24,000	10,600	\$24,000	\$16,464,000	0.1%	
Muskegon	77,300	9,366,400	0	0	0	0	0	0	0	0	73,900	(3,400)	\$73,900	\$9,363,000	0.0%	
North Central	177,900	3,567,200	0	0	0	0	0	0	0	0	173,400	(4,500)	\$173,400	\$3,562,700	(0.1%)	
Northwestern	246,700	9,813,800	0	0	0	0	0	0	0	0	276,000	29,300	\$276,000	\$9,843,100	0.3%	
Oakland	23,700	22,235,400	0	0	0	0	0	0	0	0	35,100	11,400	\$35,100	\$22,246,800	0.1%	
Schoolcraft	67,000	13,263,200	0	0	0	0	0	0	0	0	40,300	(26,700)	\$40,300	\$13,236,500	(0.2%)	
Southwestern	39,700	7,019,100	0	0	0	0	0	0	0	0	37,200	(2,500)	\$37,200	\$7,016,600	(0.0%)	
St. Clair	8,500	7,393,700	0	0	0	0	0	0	0	0	3,400	(5,100)	\$3,400	\$7,388,600	(0.1%)	
Washtenaw	31,000	13,886,900	0	0	0	0	0	0	0	0	32,300	1,300	\$32,300	\$13,888,200	0.0%	
Wayne County	8,500	17,601,900	0	0	0	0	0	0	0	0	14,900	6,400	\$14,900	\$17,608,300	0.0%	
West Shore	19,800	2,605,400	0	0	0	0	0	0	0	0	26,500	6,700	\$26,500	\$2,612,100	0.3%	
<b>\$1,819,200</b>	<b>\$325,473,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,785,800</b>	<b>(\$33,400)</b>	<b>\$1,785,800</b>	<b>\$325,440,000</b>	<b>0.0%</b>	

Component	Source	Years
Performance improvement	CEPI	FYs 2016-2018
Performance completion number	Federal IPEDS	FYs 2016-2018
Performance completion rate	CEPI	FYs 2016-2018
Contact hours	State MCCDI	FY 2019
Administrative	State MCCDI	FYs 2018-2019

\* Beginning in FY 2019-20, Indian Tuition Waiver Payments were unrolled from the Operations base amounts. ITW Adjustment amounts are made from the prior fiscal year's ITW payment compared to the most recent reported waiver cost. ITW Payments are listed as "Indian Tuition Waiver Costs Incurred" that is broken out in each community college's operations listing in the budget bill