

**Summary: Executive Budget Recommendation
for Fiscal Year 2022-23
COMMUNITY COLLEGES**



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	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	431,417,000	470,028,400	38,611,400	8.9
GF/GP	0	0	0	--
Gross	\$431,417,000	\$470,028,400	\$38,611,400	8.9

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Community College Operations Increase	Gross	\$328,583,400	\$28,825,000
Includes a net increase of \$28.8 million School Aid Fund (SAF) for community college operations, an 8.8% increase. This includes:	Restricted	328,583,400	28,825,000
<ul style="list-style-type: none"> \$32.4 million SAF (\$16.2 million SAF ongoing and \$16.2 million SAF one-time), or 10.0%, increase to operations grants for community colleges, which would be distributed through the performance funding formula. Removal of \$3.2 million SAF of FY 2021-22 one-time operations funding. \$306,500 SAF decrease based on FY 2020-21 North American Indian Tuition Waiver program costs reported by institutions. 	GF/GP	\$0	\$0
Projected funding increases for individual community colleges would range from 7.9% to 14.2%. Total funding for operations would be \$357.4 million SAF.			
2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$87,200,000	\$5,400,000
Increases funding by \$5.4 million SAF for the state's share of community colleges' MPERS UAAL, a 6.2% increase, due to changes in payroll growth assumptions. 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 \$92.6 million SAF.	Restricted	87,200,000	5,400,000
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations</u>		<u>FY 2021-22 YTD (as of 2/9/22)</u>	<u>Executive Change from YTD</u>
3. MPSERS Offset	Gross	\$1,733,600	\$5,286,400
Increases funding by \$5.3 million SAF for the community colleges' MPSERS offset payment, a 304.9% 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 \$7.0 million SAF.	Restricted	1,733,600	5,286,400
	GF/GP	\$0	\$0
4. MPSERS Normal Cost Offset	Gross	\$11,700,000	(\$900,000)
Decreases funding by \$900,000 SAF for the community colleges' MPSERS normal cost offset, a 7.7% decrease, due to maintaining the current assumed rate of return at 6.8%. Total funding for the MPSERS normal cost offset would be \$10.8 million SAF.	Restricted	11,700,000	(900,000)
	GF/GP	\$0	\$0

Major Boilerplate Changes from FY 2021-22

Sec. 201e. FY 2022-23 One-Time Performance Funding Payment Detail – REVISED

Details the FY 2020-21 one-time operational support payment. Revises language that details the FY 2022-23 one-time performance funding payment allocations for each community college.

Sec. 206. Appropriations Payment Schedule and Reporting Requirements – REVISED

Provides for payment of appropriations in 11 installments per year to community colleges to be paid on the 16th of each month; directs Department of Treasury to withhold appropriations if colleges fail to submit Michigan Community College Data Inventory (MCCDI) 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 Restriction and Capital Outlay Requirements – DELETED

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

Sec. 209. Transparency Website and Various 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 benefits plans, audits and financial reports, and information on dual enrollment programs and other opportunities for earning college credit while in high school. Also requires colleges to provide current fiscal year budget information to the state budget director. Deletes requirement to submit information to the state budget director. 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. Deletes reporting requirements around budgeted current fiscal year revenues, in addition to reporting requirements involving career and technical programs, dual enrollment and early middle college programs.

Sec. 209a. Campus Safety Information and Resources Website, Safety Reporting Requirements – 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. Deletes language that requires certification to the state budget director.

Sec. 210g. Bachelor of Science in Nursing Articulation Agreements Reporting – DELETED

Deletes language that requires community colleges seeking articulation agreements with universities on a bachelor of science in nursing to report on the summary of efforts on establishing articulation agreements with public or independent universities.

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 if a campus mandatory vaccine policy is implemented.

Major Boilerplate Changes from FY 2021-22

Sec. 212. Cost Containment and Efficiency 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. 220. Auditor General Performance Audits – DELETED

Deletes language that explicitly authorizes performance audits by the auditor general and requires audited colleges to report audit responses to the legislature, the fiscal agencies, the Auditor General and the state budget director.

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 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. Post-Secondary Degree, Certification or Credential Obtainment Goal – NEW

Adds language that states a goal is set of 60% of Michigan residents achieve a post-secondary credential, certification or degree by 2030.

Sec. 226g. Campus Advocacy Policy – DELETED

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

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 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: 30% proportionate to prior-year base appropriations, 30% based on contact-hour-equated students weighted for health and technology/industrial fields, 10% based on performance completion improvement, 10% based on performance completion number, 10% based on performance completion rate, 5% based on administrative costs, 5% based on meeting certain requirements reflective of providing strategic value to the local community. 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. Adds language specifying the one-time performance formula payments are distributed using the formula.

Supplemental Recommendations for FY 2021-22 Appropriations

**FY 2021-22
Recommendation**

1. Infrastructure, Technology, Equipment, and Maintenance (ITEM) Funding

Includes \$58.5 million GF/GP 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 2020-21 fiscal year equated student (FYES) enrollment.

Gross	\$58,507,600
GF/GP	\$58,507,600

**FY 2022-23 Community Colleges Operations Appropriations
Executive Recommendation**

	% of Formula:		30%	10%	10%	10%	30%	5%	5%	Total Operational Support Payment	Indian Tuition Waiver Adjustments	Total Indian Tuition Waiver Payment	One-Time Operational Support Payment	FY 2022-23 Appropriation	%
	FY 2021-22 Indian Tuition Waiver Payment	FY 2021-22 Base Appropriation	Sustainability	Performance- Improvement	Performance- Completion Number	Performance- Completion Rate	Contact Hours	Administrative	Local Strategic Value						
Alpena	\$23,900	\$5,753,300	\$86,306	\$33,844	\$19,850	\$41,774	\$45,741	\$31,583	\$14,384	\$273,500	(10,200)	\$13,700	\$273,500	\$6,314,000	9.3%
Bay de Noc	111,600	5,602,800	84,049	27,020	19,431	41,939	54,869	32,863	14,008	274,200	(1,900)	109,700	274,200	6,260,900	9.6%
Delta	60,100	15,160,500	227,426	60,647	73,006	78,535	214,186	36,042	37,904	727,700	(19,900)	40,200	727,700	16,656,100	9.4%
Glen Oaks	0	2,651,200	39,771	24,191	9,453	29,945	36,460	4,465	6,629	150,900	0	0	150,900	2,953,000	11.4%
Gogebic	52,000	4,873,700	73,111	38,059	11,271	41,693	32,519	20,761	12,185	229,600	(9,500)	42,500	229,600	5,375,400	9.1%
Grand Rapids	198,600	18,773,100	281,619	78,881	106,940	93,361	352,331	32,987	46,936	993,100	(14,200)	184,400	993,100	20,943,700	10.4%
Henry Ford	15,000	22,533,100	338,023	108,645	130,163	90,140	409,156	34,545	56,337	1,167,000	16,300	31,300	1,167,000	24,898,400	10.4%
Jackson	46,200	12,756,200	191,358	52,368	41,221	51,029	140,543	30,495	31,893	538,900	(3,600)	42,600	538,900	13,876,600	8.4%
Kalamazoo Valley	86,100	13,099,900	196,514	70,102	60,425	71,099	209,497	35,782	32,752	676,200	(29,500)	56,600	676,200	14,508,900	10.0%
Kellogg	51,300	10,267,100	154,019	46,551	46,987	60,061	117,975	36,017	25,670	487,300	(24,300)	27,000	487,300	11,268,700	9.2%
Kirtland	6,500	3,358,400	50,380	53,484	15,919	13,435	49,765	28,128	8,397	219,500	16,600	23,100	219,500	3,820,500	13.5%
Lake Michigan	13,100	5,702,700	85,547	25,419	23,153	22,813	83,351	21,193	14,258	275,700	(700)	12,400	275,700	6,266,500	9.6%
Lansing	122,700	32,852,000	492,819	136,702	135,405	150,169	349,510	30,111	82,137	1,376,900	(12,400)	110,300	1,376,900	35,716,100	8.3%
Macomb	23,300	34,276,100	514,182	148,752	133,448	155,709	564,717	33,287	85,697	1,635,800	15,200	38,500	1,635,800	37,586,200	9.6%
Mid-Michigan	153,900	5,184,400	77,772	28,039	20,305	20,739	90,621	23,285	12,962	273,700	(56,300)	97,600	273,700	5,829,400	9.2%
Monroe County	700	4,746,200	71,199	27,463	22,838	18,986	74,181	30,848	11,866	257,400	700	1,400	257,400	5,262,400	10.9%
Montcalm	4,800	3,570,600	53,563	14,284	20,672	14,284	47,520	29,047	8,927	188,300	3,700	8,500	188,300	3,955,700	10.6%
Mott	41,000	16,440,000	246,620	65,765	62,522	65,765	146,708	29,826	41,103	658,300	(12,200)	28,800	658,300	17,785,400	7.9%
Muskegon	57,500	9,289,100	139,348	51,673	34,511	55,544	107,175	32,824	23,225	444,300	(15,500)	42,000	444,300	10,219,700	9.3%
North Central	181,200	3,389,300	50,844	21,496	18,487	31,496	66,323	29,500	8,474	226,600	(17,300)	163,900	226,600	4,006,400	12.2%
Northwestern	251,200	9,567,100	143,518	47,892	31,540	57,719	107,955	27,118	23,920	439,700	(95,700)	155,500	439,700	10,602,000	8.0%
Oakland	33,500	22,211,700	333,202	117,818	135,737	108,287	475,370	31,865	55,534	1,257,800	2,300	35,800	1,257,800	24,763,100	11.3%
Schoolcraft	38,800	13,196,200	197,959	59,029	81,236	70,373	268,588	33,148	32,993	743,300	(17,600)	21,200	743,300	14,704,000	11.1%
Southwestern	34,100	6,979,400	104,699	90,531	19,815	27,920	66,431	26,588	17,450	353,400	(7,000)	27,100	353,400	7,713,300	10.0%
St. Clair County	15,100	7,385,200	110,787	30,597	47,040	49,643	118,605	26,272	18,464	401,400	3,500	18,600	401,400	8,206,600	10.9%
Washtenaw	35,300	13,855,900	207,855	67,584	206,350	75,221	368,423	35,370	34,643	995,400	(11,600)	23,700	995,400	15,870,400	14.2%
Wayne County	15,000	17,593,400	263,922	70,379	80,310	70,379	225,789	27,979	43,987	782,700	(6,400)	8,600	782,700	19,167,400	8.9%
West Shore	20,200	2,585,600	38,787	21,184	10,362	10,343	30,888	17,269	6,465	135,400	1,000	21,200	135,400	2,877,600	10.4%
	\$1,692,700	\$323,654,200	\$4,855,200	\$1,618,400	\$1,618,400	\$1,618,400	\$4,855,200	\$809,200	\$809,200	\$16,184,000	(\$306,500)	\$1,386,200	\$16,184,000	\$357,408,400	9.9%

Data Notes		
Component	Source	Years
Performance improvement	CEPI	FYs 2018-2020
Performance completion number	Federal IPEDS	FYs 2018-2020
Performance completion rate	CEPI	FYs 2018-2020
Contact hours	State MCCDI	FY 2021
Administrative	State MCCDI	FYs 2020-2021