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BILL



ANALYSIS

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House Bill 4496 (as enrolled)
Sponsor: Representative John Walsh
House Committee: Appropriations
Senate Committee: Education

Date Completed: 12-17-12

CONTENT

The bill would amend the Community College Act to revise the prohibition that prevents community colleges from granting baccalaureate degrees. The bill would allow community colleges to grant baccalaureate degrees in cement technology, maritime technology, energy production technology, or culinary arts.

MCL 389.105 & 389.121

FISCAL IMPACT

The bill would have an indeterminate impact on the State and local community college districts. The bill would result in increased operational costs for community colleges that chose to offer baccalaureate degrees under the provisions of the bill. Costs to each college would depend on staffing needs, equipment, and the capacity of current infrastructure. The ability to provide these programs also would depend on accreditation and the availability of qualified instructors.

Revenue sources for Michigan public community colleges consist mainly of State aid, local property tax revenue, and tuition. Based on information contained in the 2010-11 Activities Classification Structure (ACS) Data Book and Companion, sources for community college operating revenue statewide were reported as follows:

Source	Amount	Percent of Total
State Aid	\$296,786,481	19.1%
Property Tax Revenue	522,904,424	33.7
Tuition and Fees	684,666,329	44.1
Other	47,841,797	3.1
Total	\$1,552,199,031	100.0%

The bill would not require an increase in State aid. Unless a community college district were able to pass a voter-approved millage increase, growth in property tax revenue would not support the cost of new programs. The assumption is that tuition would be the main source of funding for baccalaureate programs at community colleges. To cover the higher costs of granting baccalaureate degrees, if the cost of the baccalaureate programs exceeded revenue from current tuition rates, a community college could charge a higher amount for the baccalaureate program, or provide for an overall increase in tuition for all programs. That decision would be up to each community college governing board. For 2011-12, the

per credit/contact hour in-district tuition and fee rates at Michigan public community colleges ranged from \$66.70 at Oakland Community College to \$100.50 at Jackson Community College. The statewide unweighted average tuition and fee rate was \$85.70. By comparison, the 2011-12 statewide unweighted average per credit hour tuition and fee rate at Michigan public universities for resident undergraduates was \$347, and ranged from \$261 at Saginaw Valley to \$464 at Michigan Technological University.

The bill could affect how funding is allocated among Michigan's 28 public community colleges to the extent a formula is used to distribute funds in the future. Factors that would benefit colleges that added baccalaureate degrees include contact hours and degrees granted. The bill also could affect tuition revenue for universities, to the extent that it diverted students from universities to community college baccalaureate programs. It is not possible to estimate the extent to which the bill would provide educational opportunities to students who otherwise will not obtain a baccalaureate degree, compared to drawing future students from universities.

Fiscal Analyst: Bill Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.