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Senate Bill 98 (Substitute S-1 as reported)
Sponsor: Senator Mike Shirkey
Committee: Commerce

Date Completed: 10-21-16

RATIONALE

Community colleges typically grant associate degrees, certificates, and other types of diplomas, but generally not baccalaureate degrees. The Community College Act, however, does allow those schools to grant bachelor's degrees in cement technology, maritime technology, energy production technology, or culinary arts. Some contend that other programs could be offered as bachelor's degree programs at community colleges in order for students to obtain the benefits of those schools compared with universities, e.g., generally lower tuition and closer proximity. Some also believe that the field of nursing, in particular, could benefit from such an arrangement.

The nursing curriculum currently offered by community colleges grants an associate degree in nursing (ADN). Completion of a Board of Nursing-approved ADN program is one of two ways to qualify to sit for the National Council Licensure Examination (NCLEX), which a person must pass to receive certification as a registered nurse.¹ Some have raised concerns about the future of ADN programs. Evidently, trends in hospital accreditation and assessment have created an incentive to hire nurses who have a bachelor of science in nursing (BSN). As this preference increases, hospitals with facilities for clinical training reportedly have begun to offer that space in greater frequency to BSN students, leaving fewer training opportunities for ADN students. To address this shift, and to allow community colleges to offer additional programs, it has been suggested that community colleges should be authorized to grant baccalaureate degrees in fields beyond those currently allowed under the Community College Act.

CONTENT

The bill would amend the Community College Act to do the following:

- **Allow a community college district board of trustees to establish education programs and grant baccalaureate degrees in ski area management, allied health, information technology, or manufacturing technology.**
- **Allow a board to establish a nursing education program that granted bachelor of science in nursing degrees.**
- **Specify requirements for the establishment and operation of a community college BSN degree program.**

The Act allows the board of trustees of a community college district to establish education programs and grant baccalaureate degrees in cement technology, maritime technology, energy production technology, or culinary arts.

Under the bill, a board of trustees also could establish education programs and grant baccalaureate degrees in ski area management, allied health, information technology, or manufacturing technology. The board of trustees could not eliminate any associate degree program it operated

¹ The other way is by completing a Board of Nursing-approved nurse education program granting a bachelor of science in nursing.

at the time it established a baccalaureate degree program unless the board demonstrated that there was a lack of student demand for that associate degree.

The bill also would allow a board of trustees to establish a nursing education program that granted BSN degrees. All of the follow would apply to the establishment and operation of a BSN degree program:

- The board of trustees could not eliminate any associate degree program the community college offered at the time it established a baccalaureate degree program unless the board demonstrated that there was a lack of student demand for that associate degree.
- The community college could not operate an educational program that granted BSN degrees unless the program met the requirements set forth under Section 17241 of the Public Health Code.
- Before the community college began offering BSN degrees, and while it offered those degrees, the community college would have to hold a national professional nursing accreditation, hold candidacy status for that accreditation, or have applied for that accreditation, from the Commission on Collegiate Nursing Education or the Accreditation Commission for Education in Nursing, or either Commission's successors.

(Section 17241 of the Public Health Code requires an institution that seeks to conduct a nursing education program to apply to the Michigan Board of Nursing and submit evidence that it is prepared to carry out the minimum curriculum prescribed by the Board for the preparation of individuals for licensing and meet other educational and training standards established by the Board. That section also provides for the evaluation, inspection, and approval of a nursing education program.)

The Act defines "community college" as an educational institution providing collegiate and noncollegiate level education primarily to individuals above the 12th grade age level within commuting distance. The term does not include an educational institution or program that grants baccalaureate or higher degrees other than a baccalaureate degree in cement technology, maritime technology, energy production technology, or culinary arts. The bill would extend this exception to a BSN and the other proposed baccalaureate degrees.

MCL 389.105 & 389.121

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Legislation enacted in 2012 authorizes community colleges to grant baccalaureate degrees in cement technology, maritime technology, energy production technology, and culinary arts. The rationale for that legislation was to improve access to college, make a college degree more affordable, and to respond to employer demands for a trained workforce. The bill would expand the number of fields for which a community college may confer a bachelor's degree. The programs specified in the bill are in response to specific student and employer demands for the technical training provided in associate degree and certification programs combined with critical thinking, writing, and other skills developed through baccalaureate degree training.

The average age of a Michigan community college student is 26; many of these students have obligations that make attending a university impractical. This is especially true for students in rural areas several hours away from the nearest university. The bill would allow community colleges to offer more programs to local students, who rely on community colleges as an option to complete their education that is less expensive than a university, or to take advantage of affordable education options that universities do not have.

This is particularly true of nursing education programs. Currently, community colleges offer ADN programs for students interested in becoming registered nurses. Trends in health care and hospital ranking systems, however, have led hospitals to hire BSN-prepared nurses preferentially or to hire an ADN-prepared nurse under the condition that he or she complete a BSN within a certain period

of time after hiring. As hospitals shift to BSN-prepared nurses, access to clinical space for nurse training also will shift preferentially to BSN-granting institutions, limiting the ability of community colleges to confer meaningful credentials in the field of nursing. Demand for BSN programs will continue to increase with time, and current BSN programs will be unable to handle the increased demand. The bill would allow community colleges to accommodate students wanting a bachelor's degree in nursing, and to educate nurses to meet future health care needs.

Opposing Argument

The bill would increase community college costs. In order to offer a baccalaureate program in nursing, community colleges would have to hire additional faculty, staff, and administrators, as well as create additional infrastructure. A shortage of qualified nursing faculty contributes to this problem. According to an American Association of Colleges of Nursing report, U.S. nursing schools turned away nearly 69,000 qualified applicants in 2014.² Two-thirds of the schools that contributed to the report identified faculty shortages as one factor for not accepting applicants. Ultimately, the increased infrastructure and staffing requirements for a bachelor's degree program would raise the cost of providing a community college education, and could lead to a variety of consequences, including local tax increases, increased community college tuition, cuts in services to students outside of the baccalaureate program, or a combination of these.

Currently, community colleges and universities enjoy a collaborative relationship, which has yielded articulation agreements between the schools. These agreements allow students to move with little effort between two-year and four-year institutions, and help students understand which course credits will transfer with them. Expanding these agreements would be an efficient and prudent way to meet the projected need for registered nurses. Under the bill, those articulation agreements would be jeopardized as community colleges and universities competed for students.

In addition, increasing the number of BSN-granting institutions would have little impact on the total number of nurses; it would increase the number of BSN-prepared nurses only. Many of the State's universities already have BSN programs in place to train ADN-prepared nurses. These programs incorporate a variety of classroom settings, including online classes, so that students who have difficulty attending a traditional classroom because of distance can do so. Reportedly, these programs at the university level have no waiting list, and are typically underenrolled. When qualified applicants are turned away, it is due to insufficient funding, limited clinical space, and a shortage of qualified nursing faculty. Rather than addressing those problems, the bill would likely exacerbate them by creating additional competition for limited resources.

Response: Community colleges have demonstrated proficiency with teaching students the fundamentals of nursing practice, and have NCLEX passage rates that are virtually identical to those of universities. The difference between the ADN and the BSN is the coursework involved; there are no additional clinical hour requirements. As such, the infrastructure cost increases, if any, would be minimal. The shortage of qualified nursing faculty is being and will continue to be addressed by interested stakeholders. Any increases in total program costs could be addressed through tiered tuition pricing or fees, which would keep prices relatively low compared with university tuition while maintaining the quality of college services and keeping local tax rates stable.

The collaborative relationship between community colleges and universities would not be jeopardized by the bill, as some community colleges could opt to continue their current relationship with their university partners. Although many universities do incorporate online learning in their programs, the option to complete courses or a degree online might not be available to a student who lives in a rural community with poor access to bandwidth. The bill would increase access to a nursing education and make it easier for nontraditional students to enter the nursing profession.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have an indeterminate impact on the State and community college districts. The ability of community colleges to provide baccalaureate programs would depend on accreditation and the availability of qualified instructors. The positive economic impact on the State would depend on the

² "Nursing Faculty Shortage Fact Sheet", American Association of Colleges of Nursing, 3-16-2015.

number of degrees that would not have been granted without the availability of the programs at community colleges.

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 community college would depend on staffing needs, equipment, and the capacity of current infrastructure. Total funding from State aid would not be affected by baccalaureate degrees offered by community colleges. Increased millages to support additional costs would require voter approval. Whether colleges charged higher tuition and fees for baccalaureate programs, increased overall tuition rates, or absorbed costs within existing tuition and fee rates would depend on financial decisions made by community college governing boards.

Community colleges that currently offer baccalaureate degrees include: Alpena (electrical systems technology) Northwestern Michigan College (maritime technology), Jackson College (energy production technology), Lake Michigan College (energy production technology), Henry Ford College (culinary arts), and Schoolcraft College (culinary arts). Of those six colleges, Lake Michigan College charges \$336 per contact hour in tuition and fees for its bachelor degree in energy production technology, Henry Ford College charges \$112 per credit hour for 300 and 400 level courses, Alpena charges \$341 per contact hour for 300 and 400 level courses, and Northwestern Michigan College charges \$419 per contact hour for its maritime technology bachelor degree program. Northwestern has used a differential tuition/fee basis since the late 2000s as part of its business plan to fairly assess the cost of programs and mitigate the impact of high-cost programs on other degrees. Jackson College and Schoolcraft College do not charge a higher tuition and fee rate for their bachelor degree programs compared to associate degrees in the same field of study.

Revenue sources for Michigan public community colleges consist mainly of State aid, local property tax revenue, and tuition. Based on information contained in the 2014-15 Activities Classification Structure (ACS) Data Book, sources for community college operating revenue statewide were reported as shown in Table 1.

<u>Table 1</u>		
Source	Amount	Percent of Total
State Aid	\$307,191,300	19.6
Property Tax Revenue	531,499,183	34.0
Tuition and Fees	643,567,637	41.2
Other	81,075,846	5.2
Total	\$1,563,333,966	100.0%

In 2016-17, the per credit/contact hour in-district tuition and fee rates for associate degree programs at Michigan public community colleges ranges from \$94.67 at Oakland Community College to \$175 at Jackson College. The statewide unweighted average in-district tuition and fee rate is \$128.81. By comparison, the 2016-17 statewide unweighted average per credit hour tuition and fee rate at Michigan public universities for resident undergraduates is \$414, and ranges from \$312 at Saginaw Valley to \$535 at Michigan Technological University.

The bill could affect how State aid is allocated among Michigan's 28 public community colleges to the extent that the current performance funding model is used to distribute funds in the future. Metrics that would benefit colleges that added baccalaureate degrees include contact hours and completions. 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 would 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.