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BILL



ANALYSIS

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

### **CONTENT**

The bill would amend the Community College Act to allow a community college district board of trustees to establish education programs and grant baccalaureate degrees in ski area management, allied health, information technology, and manufacturing technology (in addition to cement technology, maritime technology, energy production technology, and culinary arts, as currently allowed).

The bill also would allow a board to establish a nursing education program that granted bachelor of science in nursing (BSN) degrees. 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 (which pertains to the evaluation, inspection, and approval of a nursing education program). Also, 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.

The board of trustees could not eliminate any associate degree program it operated 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.

MCL 389.105 & 389.121

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 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 contract 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.

Table 1

<b>Source</b>	<b>Amount</b>	<b>Percent of Total</b>
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
<b>Total</b>	<b>\$1,563,333,966</b>	<b>100.0%</b>

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.

Date Completed: 10-21-16

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.