

# FY 2019-20: COMMUNITY COLLEGES

## Summary: As Reported by House Appropriations Committee House Bill 4230 (H-1)



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IDG/IDT	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
<b>Federal</b>	0	0	0			0	--
<b>Local</b>	0	0	0			0	--
<b>Private</b>	0	0	0			0	--
<b>Restricted</b>	408,215,500	408,215,500	414,719,000			6,503,500	1.6
<b>GF/GP</b>	0	12,948,500	0			0	0.0
<b>Gross</b>	<b>\$408,215,500</b>	<b>\$421,164,000</b>	<b>\$414,719,000</b>			<b>\$6,503,500</b>	<b>1.6</b>

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Overview

The Community Colleges budget supports the 28 public community colleges located throughout the state. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associates' 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 2018-19 YTD Appropriations

#### 1. Community Colleges Operations Increase

Executive increases funding by \$9.7 million GF/GP to increase operations grants to community colleges by 3.0%, which would be distributed through the performance formula. Attainment of performance funding would be conditioned on restraining in-district tuition and fee increases to 3.2% or \$128, whichever is greater. Projected increases for individual community colleges range from 2.5% to 3.9%. Total funding for operations would be \$331.9 million (\$9.7 million GF/GP).

House increases funding by \$3.2 million School Aid Fund (SAF), a 1.0% increase, which would be distributed through a revised performance formula. House concurs with the in-district tuition and fee restraints. Projected increases for individual community colleges range from 0.8% to 2.2%. Total funding for operations would be \$325.5 million.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
<b>Gross</b>	<b>\$322,250,900</b>	<b>\$3,222,500</b>
Restricted	322,250,900	3,222,500
GF/GP	\$0	\$0

#### 2. Michigan Public School Employee Retirement System (MPERS) Normal Cost Offset

Executive increases funding by \$5.8 million (\$3.3 million GF/GP) for the community colleges' normal cost portion, which would cover the cost to lower the assumed rate of return for MPERS from 7.5% to 7.05%. Incorporates \$6.4 million SAF into the base from previous one-time funding that lowered the assumed rate of return from 8% to 7.5%. Total funding for the MPERS Normal Cost Offset would be \$12.2 million (\$3.3 million GF/GP).

House increases funding by \$5.8 million SAF. Total funding for the MPERS Normal Cost Offset would be \$12.2 million.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
<b>Gross</b>	<b>\$6,431,000</b>	<b>\$5,781,000</b>
Restricted	6,431,000	5,781,000
GF/GP	\$0	\$0

		<b>FY 2018-19 Year-to-Date (as of 3/5/19)</b>	<b>FY 2019-20 House Change</b>
<b><u>Major Budget Changes From FY 2018-19 YTD Appropriations</u></b>			
<b>3. MPSERS State Share of UAL Stabilization Payment</b>	<b>Gross</b>	<b>\$75,300,000</b>	<b>(\$2,200,000)</b>
<u>Executive</u> reduces funding by \$2.2 million SAF for the state's share of community colleges' unfunded liability to MPSERS. The state's share is the difference between the calculated unfunded accrued liability (UAL) 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 MPSERS UAL contribution would be \$73.1 million SAF.	Restricted	75,300,000	(2,200,000)
<u>House</u> concurs.	GF/GP	\$0	\$0

<b>4. Renaissance Zone Reimbursement Costs</b>	<b>Gross</b>	<b>\$2,500,000</b>	<b>(\$300,000)</b>
<u>Executive</u> reduces funding for Renaissance Zone reimbursements to community colleges by \$300,000 SAF. Estimated reimbursement payments required by statute have decreased due to Personal Property Tax reforms. Total funding for reimbursements would be \$2.2 million SAF.	Restricted	2,500,000	(300,000)
<u>House</u> concurs.	GF/GP	\$0	\$0

#### **Major Boilerplate Changes From FY 2018-19**

##### ***Sec. 206. Michigan Community Colleges Data Inventory (MCCDI) Data – 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 College Data Inventory data, longitudinal data system data, annual independent audits, tuition and fee information, and degree and certificate award data as required. Executive deletes requirement that the State Budget Director notify the legislature before withholding funds from community colleges that fail to comply with reporting requirements and changes reporting deadline from November 1 to the first business day of November. House retains the requirement but concurs with date change.

##### ***Sec. 208. Self-Liquidating Projects – RETAINED***

Prohibits colleges from using state funds for construction or maintenance of self-liquidating projects and deletes requirement of colleges to comply with Joint Capital Outlay Subcommittee (JCOS) use and finance policy for any capital outlay project and subjects colleges that fail to comply to a penalty of 1% of their operations funding for each violation. Executive deletes section. House retains.

##### ***Sec. 209. Community College Transparency – 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.

Executive 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.

House retains and adds a requirement that community colleges post a map of the district's boundaries.

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

Requires the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) 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. Executive deletes section. House retains, updates dates, and makes report due every even-numbered year.

##### ***Sec. 212. Cost Containment Initiatives – RETAINED***

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. Executive deletes section. House retains.

## **Major Boilerplate Changes From FY 2018-19**

### ***Sec. 217. MCCDI Advisory Committee – REVISED***

Requires the Center for Educational Performance and Information (CEPI) to establish, maintain, and coordinate the MCCDI database of community college data.

Executive deletes language that specifies the grouping of community college representatives to be appointed to the advisory committee. House revises language to say a diverse mix of community colleges should be represented. Revises language to make CEPI compile and publish the Demographic Enrollment Profile report. Adds requirement that CEPI compile and publish community college performance improvement and performance completion rate data.

### ***Sec. 218. Prisoner Credit Hours – DELETED***

Excludes credit/contact hours for students incarcerated in penal institutions from enrollment data submitted by colleges. House deletes section.

### ***Sec. 225. Tuition Rate Reports – REVISED***

Requires colleges to report tuition and fee rates, the annual cost of tuition and fees for a 30 credit course load, and tuition and fee increases from the prior year to CEPI by August 31.

Executive deletes language that requires community colleges to include the annual cost of attendance based on 30 credits and changes deadline to last business day of August. House retains annual cost language but concurs with deadline change.

### ***Sec. 227. Community College Automobile Purchases – DELETED***

Forbids the lease or purchase of foreign-made vehicles if vehicles made in Michigan or elsewhere in the U.S. are competitively priced and of comparable quality. Executive deletes section. House concurs.

### ***Sec. 228. Communication with the Legislature – RETAINED***

Forbids a community college from taking disciplinary action against an employee for communicating with the legislature. Executive deletes section. House retains.

### ***Sec. 230. Performance Indicator Formula – 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. House revises formula to reduce weighted contact hour metric from 30% to 25% and adds new metric based on the 6 colleges with lowest taxable values from FY 2017-18 weighted by fiscal year equated students at 5%.

### ***Sec. 230. Community Colleges Tuition Restraint – NEW***

Executive adds language as Sec. 231 that provides tuition restraint requirements in order to receive the performance funding increase for FY 2019-20; community colleges must limit in-district tuition and fee increase to 3.2% or \$128, whichever is greater. Defines the term "fee" to include the cost of any charges paid by more than half of all resident students. Defines the term "tuition and fee rate" to be the average cost charged to the majority of students for the 2 semesters with the highest amount of full-time equated students during an academic year. Specifies that the State Budget Director determines if a community college has satisfied the requirements to receive performance funding and provides reports to the appropriations subcommittee and the fiscal agencies.

House concurs but adds language as Sec. 230, and specifies that the 3.2% tuition and fee increase is based on 115% of the Higher Education Price Index for FY 2017-18.

**FY 2019-20 Community Colleges Operations Appropriations**  
As Reported by the House Appropriations Committee

% of Formula:		30%	10%	10%	10%	25%	5%	5%	95%	5%			
			Performance-	Performance-	Performance-	Contact	Administrative	Local Strategic	*Total	Adjustments			
		FY 2018-19 Base	Sustainability	Improvement	Completion- Number	Completion- Rate	Hours	Value	Formula Distribution	for Lowest Taxable Value	Total Adjustments	% Change	FY 2019-20 Appropriation
Alpena	5,707,600	17,123	5,021	3,667	10,023	6,808	5,987	2,854	51,500	23,307	74,800	1.3%	\$5,782,400
Bay de Noc	5,624,800	16,874	5,546	4,220	4,500	7,593	5,309	2,812	46,900	24,889	71,800	1.3%	\$5,696,600
Delta	15,104,300	45,313	12,083	16,438	12,083	34,306	6,986	7,552	134,800	0	134,800	0.9%	\$15,239,100
Glen Oaks	2,620,000	7,860	4,510	1,660	7,261	5,258	849	1,310	28,700	17,073	45,900	1.8%	\$2,665,900
Gogebic	4,844,300	14,533	3,875	2,022	9,643	5,489	3,731	2,422	41,700	17,794	59,500	1.2%	\$4,903,800
Grand Rapids	18,709,300	56,128	14,967	19,322	14,967	69,275	6,931	9,355	190,900	0	190,900	1.0%	\$18,900,200
Henry Ford	22,463,600	67,391	17,971	15,236	23,798	57,941	6,257	11,232	199,800	0	199,800	0.9%	\$22,663,400
Jackson	12,698,200	38,094	11,761	7,990	10,159	20,028	6,625	6,349	101,000	0	101,000	0.8%	\$12,799,200
Kalamazoo Valley	13,046,600	39,140	10,437	11,201	10,437	34,784	7,018	6,523	119,500	0	119,500	0.9%	\$13,166,100
Kellogg	10,214,400	30,643	8,171	9,666	8,171	20,312	7,239	5,107	89,300	0	89,300	0.9%	\$10,303,700
Kirtland	3,321,600	9,965	9,416	3,324	2,657	7,731	5,976	1,661	40,700	21,120	61,900	1.9%	\$3,383,500
Lake Michigan	5,672,100	17,016	4,538	4,341	4,538	15,089	3,736	2,836	52,100	0	52,100	0.9%	\$5,724,200
Lansing	32,725,800	98,177	28,260	29,003	26,181	59,693	6,441	16,363	264,100	0	264,000	0.8%	\$32,989,800
Macomb	34,124,000	102,372	27,299	28,469	32,627	93,122	7,154	17,062	308,100	0	308,000	0.9%	\$34,432,000
Mid-Michigan	5,112,400	15,337	4,090	7,284	4,090	15,935	4,860	2,556	54,200	56,942	111,100	2.2%	\$5,223,500
Monroe County	4,708,600	14,126	7,838	4,472	3,767	13,238	6,731	2,354	52,500	0	52,500	1.1%	\$4,761,100
Montcalm	3,542,900	10,629	6,711	3,667	2,834	7,203	5,789	1,771	38,600	0	38,600	1.1%	\$3,581,500
Mott	16,381,600	49,145	13,105	18,969	18,238	36,946	6,371	8,191	151,000	0	151,000	0.9%	\$16,532,600
Muskegon	9,264,700	27,794	7,412	5,443	7,412	17,556	7,232	4,632	77,500	0	77,500	0.8%	\$9,342,200
North Central	3,402,600	10,208	2,722	3,417	7,902	9,105	6,235	1,701	41,300	0	41,300	1.2%	\$3,443,900
Northwestern	9,625,400	28,876	12,038	7,921	7,700	17,357	5,557	4,813	84,300	0	84,300	0.9%	\$9,709,700
Oakland	22,093,000	66,279	33,041	30,601	17,674	70,889	6,700	11,046	236,200	0	236,200	1.1%	\$22,329,200
Schoolcraft	13,112,900	39,339	20,897	16,619	16,129	46,257	7,108	6,556	152,900	0	152,900	1.2%	\$13,265,800
Southwestern	6,946,900	20,841	7,130	6,117	10,642	10,040	3,475	3,473	61,700	0	61,700	0.9%	\$7,008,600
St. Clair	7,358,700	22,076	6,664	6,772	11,200	17,022	5,928	3,679	73,300	0	73,300	1.0%	\$7,432,000
Washtenaw	13,764,000	41,292	11,011	29,877	16,365	53,896	6,766	6,882	166,100	0	166,100	1.2%	\$13,930,100
Wayne County	17,487,200	52,461	23,675	22,486	19,193	44,524	5,725	8,744	176,800	0	176,800	1.0%	\$17,664,000
West Shore	2,573,400	7,720	2,059	2,044	2,059	8,226	2,409	1,287	25,800	0	25,900	1.0%	\$2,599,300
	<b>322,250,900</b>	<b>966,750</b>	<b>322,250</b>	<b>322,250</b>	<b>322,250</b>	<b>805,625</b>	<b>161,125</b>	<b>161,125</b>	<b>3,061,300</b>	<b>161,125</b>	<b>3,222,500</b>	<b>1.0%</b>	<b>\$325,473,400</b>

**Data Notes**

Component	Source	Years
Performance improvement	Gov Dashboard^	FYs 2015-2017
Performance completion number	Federal IPEDS	FYs 2015-2017
Performance completion rate	Gov Dashboard^	FYs 2015-2017
Contact hours	State MCCDI	FY 2018
Administrative	State MCCDI	FYs 2017-2018
Lowest taxable value	State MCCDI	FY 2018

^Governor's Dashboard stopped collecting data in Jan 2018

\*Requirement to receive performance funding increase:

Restrain FY 2019-20 in-district tuition and fee rate increase to 3.2% or \$128 (whichever is greater)