

FY 2021-22: COMMUNITY COLLEGES
Summary: As Passed by the Senate
Senate Bill 94 (S-1) as Amended



Analyst: Perry Zielak

| | FY 2020-21 YTD as of 2/11/21 | FY 2021-22 Executive | FY 2021-22 House | FY 2021-22 Senate | FY 2021-22 Conference | Difference: Senate From FY 2020-21 YTD | |
|-------------------|---------------------------------|-------------------------|----------------------|----------------------|--------------------------|---|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | \$0 | | \$0 | -- |
| Federal | 0 | 0 | 0 | 0 | | 0 | -- |
| Local | 0 | 0 | 0 | 0 | | 0 | -- |
| Private | 0 | 0 | 0 | 0 | | 0 | -- |
| Restricted | 425,667,600 | 434,653,600 | 445,266,900 | 434,653,600 | | 8,986,000 | 2.1 |
| GF/GP | 0 | 0 | 4,688,100 | 0 | | 0 | -- |
| Gross | \$425,667,600 | \$434,653,600 | \$449,955,000 | \$434,653,600 | | \$8,986,000 | 2.1 |

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (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 2020-21 YTD Appropriations

1. Community College Operations Increase

Executive increases community college operations funding by \$6.4 million School Aid Fund (SAF). This includes a one-time \$6.5 million SAF increase to operations grants for community colleges, a 2.0% increase, which would be distributed through the performance funding formula, and a \$93,100 SAF decrease based on FY 2019-20 North American Indian Tuition Waiver program costs reported by institutions. Attainment of the one-time operations increase would be conditioned on restraining in-district undergraduate tuition and fee increases to 4.2%. Projected funding increases for individual community colleges would range from 1.4% to 2.7%. Total funding for operations would be \$331.8 million SAF. House increases community college operations funding by \$21.7 million Gross (\$4.7 million GF/GP), a 6.7% increase. This includes a \$93,100 SAF decrease based on FY 2019-20 North American Indian Tuition Waiver program costs reported by institutions. All operations funding would be allocated based on a funding formula that allocates \$3.5 million to each institution, uses a 3-year average of fiscal year equated students (FYES) multiplied by an established funding per FYES measure and FY 2020-21 appropriation levels, and a 10% cap on increases above FY 2020-21 levels, with amounts over the cap redistributed through an iterative process to all institutions below the cap. Hold harmless adjustments were made for two community colleges below FY 2020-21 funding levels, Lansing and C.S. Mott. Projected funding changes for individual community colleges would range from 0.0% to 10.6%. Total funding for operations would be \$347.1 million Gross (\$4.7 million GF/GP).

[continued on next page]

| | FY 2020-21 Year-to-Date (as of 2/11/21) | FY 2021-22 Senate Change |
|--------------|---|--------------------------------|
| Gross | \$325,440,000 | \$6,473,100 |
| Restricted | 325,440,000 | 6,473,100 |
| GF/GP | \$0 | \$0 |

Major Budget Changes from FY 2020-21 YTD Appropriations

**FY 2020-21
Year-to-Date
(as of 2/11/21)**

**FY 2021-22
Senate
Change**

1. Community College Operations Increase (continued)

Senate concurs with Executive in increasing community college operations funding by \$6.4 million SAF, including a one-time \$6.5 million SAF increase to operations grants distributed through the performance funding formula, and a \$93,100 SAF decrease based on FY 2019-20 North American Indian Tuition Waiver program costs. Attainment of performance funding would be conditioned on restraining in-district undergraduate tuition and fee increases to 4.2%. Projected funding increases for individual community colleges would range from 1.4% to 2.7%. Total funding for operations would be \$331.8 million SAF.

2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment

| | | |
|--------------|---------------------|--------------------|
| Gross | \$83,900,000 | \$3,300,000 |
| Restricted | 83,900,000 | 3,300,000 |
| GF/GP | \$0 | \$0 |

Executive increases funding by \$3.3 million SAF for the state's share of community colleges' UAAL to MPERS, a 3.9% 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 \$87.2 million SAF. House concurs. Senate concurs.

3. MPERS Normal Cost Offset

| | | |
|--------------|---------------------|--------------------|
| Gross | \$12,394,000 | (\$694,000) |
| Restricted | 12,394,000 | (694,000) |
| GF/GP | \$0 | \$0 |

Executive decreases funding by \$694,000 SAF for the community colleges' normal cost portion, a 5.6% decrease, due to maintaining the current assumed rate of return at 6.8%. Total funding for the MPERS Normal Cost Offset would be \$11.7 million SAF. House concurs. Senate concurs.

Major Boilerplate Changes from FY 2020-21

Sec. 201e. One-Time Operational Support Payment Detail – NEW

Executive adds language detailing the one-time operational support payment allocations for each community college. House does not include. Senate concurs with Executive.

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. Executive adds language stating that payments related to the MPERS Normal Cost Offset would be distributed in quarterly payments. Deletes requirement that the state budget director notify the legislature before withholding funds from community colleges that fail to comply with reporting requirements. Revises MCCDI data reporting date to the first business day of November. House concurs but retains the state budget director notification requirement. Senate concurs with House.

Sec. 207a. MPERS Offset Appropriation – REVISED

Specifies the purpose and allocation method for the MPERS offset. Funds to be allocated based on prior-year covered payroll and to be used solely for offsetting a portion of the retirement contributions owed by the receiving college. Executive adds language specifying that the MPERS Normal Cost Offset would be based on reported quarterly payroll for members in the current fiscal year. House concurs. Senate concurs.

Sec. 208. Self-Liquidating Projects Restriction and Capital Outlay Requirements – RETAINED

Executive 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. House retains. Senate retains.

Major Boilerplate Changes from FY 2020-21

Sec. 209. Transparency Website and Various Reporting Requirements – RETAINED

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. 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. House retains deleted language but deletes reference to local strategic value component. Adds requirement that community colleges submit information to the Michigan Community College Association (MCCA), which would compile and report the information to the House and Senate Appropriation Subcommittees on Community Colleges, House and Senate Fiscal Agencies and the state budget director. Senate retains.

Sec. 209a. Campus Safety Information and Resources Website, Safety Reporting Requirements – RETAINED

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. Executive deletes language that requires certification to the state budget director. House retains. Senate retains.

Sec. 210b. Community Colleges and Universities Transfer Agreement Reporting – REVISED

Requires the Michigan Community College Association and the Michigan Association of State Universities to submit a progress report on the implementation of the Michigan Transfer Agreement, the development and implementation of transfer pathways, and various other transfer requirements between community colleges and state universities. Senate revises requirements to add additional focus on improving transfer outcomes and implementing MiTransfer pathways.

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

Senate adds a reporting requirement on a summary of efforts for any community college seeking articulation agreements with universities on a bachelor of science in nursing.

Sec. 212. Cost Containment and Efficiency Initiatives – DELETED

Executive 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. House retains. Senate concurs with Executive.

Sec. 220. Auditor General Performance Audits – RETAINED

Executive 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. House retains. Senate retains with minor revisions.

Sec. 226b. 2020-21 Academic Year and COVID-19 Reporting Requirements – DELETED

Executive deletes language that requires community colleges to report various enrollment and student residential data for the 2020-21 academic year by September 30, 2021 and deletes requirement for community colleges to report information related to online and COVID-19 fees, along with COVID-19 mitigation strategies and related data by November 1, 2020. House retains deleted language but revises requirements to have community colleges report all federal and state funding received related to the COVID-19 pandemic. Senate concurs with Executive.

Sec. 226d. Free and Open Speech Policies Reporting Requirement – REVISED

Executive 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. House retains with minor revisions. Senate retains and revises with legislative intent language that community colleges adopt advocacy policies for distribution and demonstrations around first amendment activities and political speech.

Sec. 226f. Community College COVID-19 Vaccination Requirement Prohibition – NOT INCLUDED

House adds language that restricts community colleges from requiring COVID-19 vaccination as a prerequisite for enrollment or attending in-person instruction. Senate does not include.

Sec. 226f. Pregnant and Parenting Student Services Office Requirements – NEW

Senate adds language establishing the requirements of a pregnant and parenting student services office. If a community college establishes an office, a report must be submitted by December 1, 2022 detailing expenditures, a performance evaluation and the number of students served.

Major Boilerplate Changes from FY 2020-21

Sec. 228. Communication with the Legislature – RETAINED

Executive deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature. House retains. Senate retains.

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. Executive adds language specifying the one-time operational support payments are distributed using the formula.

House revises formula that distributes operational funding by starting the phase in of a formula that multiplies the 3-year average of community colleges' FYES measure by a calculated FYES funding figure. The FYES funding figure is obtained by dividing the prior fiscal year's operations funding plus any new funding, excluding North American Indian Tuition Waiver funding, by the total sum of all community colleges' 3-year average FYES measure. The formula also distributes \$98.0 million equally divided by all institutions, and caps individual community college increases at 10% above FY 2020-21, redistributing amounts over the cap using an iterative process to every institution below the 10% cap through a revised 3-year average FYES measure.

The formula for FY 2021-22 would allocate 33.3% of operations funding based on the FYES average and 66.7% based on FY 2020-21 appropriation levels, plus \$98.0 million equally divided by all institutions and redistributed funding from the 10% institutional appropriation increase cap. FY 2022-23 formula funding would allocate 66.7% of operations funding on the FYES average and 33.3% based on FY 2020-21 appropriation levels, plus \$98.0 million equally divided by all institutions and redistributed funding from the 10% institutional appropriation increase cap. For FY 2023-24, 100% of operations funding would be distributed based on the FYES average, plus \$98.0 million equally divided by all institutions and redistributed funding from the 10% institutional appropriation increase cap. Indian Tuition Waiver funding would be excluded from formula calculations. Deletes all local strategic value related language. Adds language that states community colleges should work to ensure courses are transferable to all public universities in the state.

Senate revises language to include the tuition restraint requirements the Executive proposes in section 231, revises the requirement to apply to receiving performance funding, and does not include the state budget director determining compliance.

Sec. 231. Community Colleges Tuition Restraint Requirement – NOT INCLUDED

Executive adds language that provides tuition restraint requirements in order to receive the one-time operational support payments for FY 2021-22; community colleges must limit in-district tuition and fee increase to 4.2%. 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 operational support payments and provides reports to the appropriations subcommittees and the fiscal agencies. House does not include. Senate includes majority of language as a subsection to section 230, revises the requirement to apply to receiving performance funding but does not include the state budget director determining compliance with the requirement.

**FY 2021-22 Community College Operations Appropriations
As Passed by the Senate**

| % of Formula: | | | 30% | 10% | 10% | 10% | 30% | 5% | 5% | | | | | | |
|------------------|--|-------------------------------------|----------------|-----------------------------|--------------------------------------|------------------------------------|------------------|----------------|--------------------------|---|--|--|-----------------------------|-------------|--|
| | FY 2020-21 Indian Tuition Waiver Payment | FY 2020-21 Base Appropriation | Sustainability | Performance- Improvement | Performance- Completion Number | Performance- Completion Rate | Contact Hours | Administrative | Local Strategic Value | Total Operational Suport Payment | Indian Tuition Waiver Adjustments | *Total Indian Tuition Waiver Payment | FY 2021-22 Appropriation | % Change | |
| Alpena | \$14,200 | \$5,753,300 | \$34,520 | \$12,196 | \$7,455 | \$16,473 | \$17,662 | \$12,720 | \$5,753 | \$106,800 | 9,700 | \$23,900 | \$5,884,000 | 2.0% | |
| Bay de Noc | 116,700 | 5,602,800 | 33,617 | 21,167 | 7,965 | 16,117 | 20,286 | 11,200 | 5,603 | 116,000 | (5,100) | 111,600 | 5,830,400 | 1.9% | |
| Delta | 47,700 | 15,160,500 | 90,963 | 26,531 | 26,499 | 31,162 | 84,429 | 12,058 | 15,161 | 286,800 | 12,400 | 60,100 | 15,507,400 | 2.0% | |
| Glen Oaks | 0 | 2,651,200 | 15,907 | 17,316 | 3,446 | 11,440 | 14,319 | 1,543 | 2,651 | 66,700 | 0 | 0 | 2,717,900 | 2.5% | |
| Gogebic | 49,600 | 4,873,700 | 29,242 | 7,798 | 4,316 | 16,303 | 12,315 | 9,867 | 4,874 | 84,700 | 2,400 | 52,000 | 5,010,400 | 1.8% | |
| Grand Rapids | 233,900 | 18,773,100 | 112,639 | 37,546 | 42,436 | 37,019 | 180,869 | 13,767 | 18,773 | 443,000 | (35,300) | 198,600 | 19,414,700 | 2.1% | |
| Henry Ford | 24,500 | 22,533,100 | 135,199 | 36,053 | 31,052 | 36,053 | 136,747 | 13,985 | 22,533 | 411,600 | (9,500) | 15,000 | 22,959,700 | 1.8% | |
| Jackson | 58,000 | 12,756,200 | 76,537 | 24,675 | 17,154 | 20,410 | 55,427 | 12,889 | 12,756 | 219,800 | (11,800) | 46,200 | 13,022,200 | 1.6% | |
| Kalamazoo Valley | 63,800 | 13,099,900 | 78,600 | 29,461 | 21,993 | 27,674 | 83,338 | 14,542 | 13,100 | 268,700 | 22,300 | 86,100 | 13,454,700 | 2.2% | |
| Kellogg | 61,600 | 10,267,100 | 61,603 | 22,819 | 18,730 | 23,524 | 50,547 | 14,033 | 10,267 | 201,500 | (10,300) | 51,300 | 10,519,900 | 1.9% | |
| Kirtland | 36,400 | 3,358,400 | 20,150 | 12,878 | 6,518 | 5,373 | 18,890 | 11,058 | 3,358 | 78,300 | (29,900) | 6,500 | 3,443,200 | 1.4% | |
| Lake Michigan | 8,600 | 5,702,700 | 34,216 | 9,124 | 9,549 | 9,124 | 30,677 | 6,419 | 5,703 | 104,800 | 4,500 | 13,100 | 5,820,600 | 1.9% | |
| Lansing | 158,000 | 32,852,000 | 197,112 | 58,802 | 55,505 | 59,602 | 144,321 | 12,935 | 32,852 | 561,100 | (35,300) | 122,700 | 33,535,800 | 1.6% | |
| Macomb | 43,400 | 34,276,100 | 205,657 | 54,842 | 60,303 | 62,051 | 229,372 | 14,044 | 34,276 | 660,500 | (20,100) | 23,300 | 34,959,900 | 1.9% | |
| Mid-Michigan | 124,800 | 5,184,400 | 31,106 | 8,295 | 10,616 | 14,989 | 36,972 | 9,242 | 5,184 | 116,400 | 29,100 | 153,900 | 5,454,700 | 2.7% | |
| Monroe County | 500 | 4,746,200 | 28,477 | 11,199 | 8,964 | 7,594 | 28,932 | 12,529 | 4,746 | 102,400 | 200 | 700 | 4,849,300 | 2.2% | |
| Montcalm | 7,100 | 3,570,600 | 21,424 | 9,229 | 7,721 | 5,713 | 15,021 | 11,806 | 3,571 | 74,600 | (2,300) | 4,800 | 3,650,000 | 2.0% | |
| Mott | 24,000 | 16,440,000 | 98,640 | 26,304 | 29,605 | 26,304 | 75,300 | 12,399 | 16,440 | 285,000 | 17,000 | 41,000 | 16,766,000 | 1.8% | |
| Muskegon | 73,900 | 9,289,100 | 55,735 | 14,863 | 13,246 | 21,907 | 41,553 | 13,535 | 9,289 | 170,100 | (16,400) | 57,500 | 9,516,700 | 1.6% | |
| North Central | 173,400 | 3,389,300 | 20,336 | 8,954 | 7,211 | 12,216 | 20,195 | 12,121 | 3,389 | 84,400 | 7,800 | 181,200 | 3,654,900 | 2.6% | |
| Northwestern | 276,000 | 9,567,100 | 57,403 | 19,590 | 14,048 | 22,648 | 42,376 | 11,514 | 9,567 | 177,100 | (24,800) | 251,200 | 9,995,400 | 1.5% | |
| Oakland | 35,100 | 22,211,700 | 133,271 | 43,045 | 59,046 | 42,623 | 167,061 | 12,810 | 22,212 | 480,100 | (1,600) | 33,500 | 22,725,300 | 2.2% | |
| Schoolcraft | 40,300 | 13,196,200 | 79,177 | 21,114 | 34,396 | 28,079 | 113,250 | 14,279 | 13,196 | 303,500 | (1,500) | 38,800 | 13,538,500 | 2.3% | |
| Southwestern | 37,200 | 6,979,400 | 41,877 | 32,301 | 9,535 | 11,167 | 25,544 | 9,419 | 6,979 | 136,800 | (3,100) | 34,100 | 7,150,300 | 1.9% | |
| St. Clair County | 3,400 | 7,385,200 | 44,311 | 12,818 | 16,889 | 19,674 | 44,940 | 10,697 | 7,385 | 156,700 | 11,700 | 15,100 | 7,557,000 | 2.3% | |
| Washtenaw | 32,300 | 13,855,900 | 83,136 | 22,169 | 79,605 | 29,784 | 136,879 | 13,320 | 13,856 | 378,700 | 3,000 | 35,300 | 14,269,900 | 2.7% | |
| Wayne County | 14,900 | 17,593,400 | 105,561 | 42,024 | 39,303 | 28,150 | 103,618 | 11,108 | 17,593 | 347,400 | 100 | 15,000 | 17,955,800 | 2.0% | |
| West Shore | 26,500 | 2,585,600 | 15,514 | 4,197 | 4,207 | 4,137 | 11,089 | 7,815 | 2,586 | 49,600 | (6,300) | 20,200 | 2,655,400 | 1.7% | |
| | \$1,785,800 | \$323,654,200 | \$1,941,930 | \$647,310 | \$647,310 | \$647,310 | \$1,941,930 | \$323,655 | \$323,655 | \$6,473,100 | (\$93,100) | \$1,692,700 | \$331,820,000 | 2.0% | |

| Data Notes | | |
|-------------------------------|---------------|---------------|
| Component | Source | Years |
| Performance improvement | CEPI | FYs 2017-2019 |
| Performance completion number | Federal IPEDS | FYs 2017-2019 |
| Performance completion rate | CEPI | FYs 2017-2019 |
| Contact hours | State MCCDI | FY 2020 |
| Administrative | State MCCDI | FYs 2019-2020 |