

FY 2019-20: COMMUNITY COLLEGES
Summary: As Passed by the Senate
Senate Bill 134 (S-1)



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	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: Senate From FY 2018-19 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	408,215,500	408,215,500	414,719,000	411,496,500		3,281,000	0.8
GF/GP	0	12,948,500	0	4,833,700		4,833,700	--
Gross	\$408,215,500	\$421,164,000	\$414,719,000	\$416,330,200		\$8,114,700	2.0

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 SAF.

Senate increases funding by \$4.0 million GF/GP, a 1.3% increase, distributed through the performance formula. Senate does not include in-district tuition and fee restraints. Projected increases for individual community colleges range from 1.0% to 1.6%. Total funding for operations would be \$326.3 million Gross (\$4.0 million GF/GP).

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Senate Change
Gross	\$322,250,900	\$4,048,200
Restricted	322,250,900	0
GF/GP	\$0	\$4,048,200

2. North American Indian Tuition Waiver Funding

Senate provides \$785,500 GF/GP in additional funding for the Indian Tuition Waiver program, and rolls the funding into the base operation funding levels for each community college. The supplemental payment helps address a funding shortfall between waiver program costs and funding provided by the state.

Gross	\$0	\$785,500
GF/GP	\$0	\$785,500

<u>Major Budget Changes From FY 2018-19 YTD Appropriations</u>		<u>FY 2018-19 Year-to-Date (as of 3/5/19)</u>	<u>FY 2019-20 Senate Change</u>
3. Michigan Public School Employee Retirement System (MPERS) Normal Cost Offset	Gross	\$6,431,000	\$5,781,000
<u>Executive</u> increases funding by \$5.8 million Gross (\$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 Gross (\$3.3 million GF/GP).	Restricted	6,431,000	5,781,000
<u>House</u> increases funding by \$5.8 million SAF. Total funding for the MPERS Normal Cost Offset would be \$12.2 million SAF.	GF/GP	\$0	\$0
<u>Senate</u> concurs with House.			
4. MPERS State Share of UAL Stabilization Payment	Gross	\$75,300,000	(\$2,200,000)
<u>Executive</u> reduces funding by \$2.2 million SAF for the state's share of community colleges' unfunded liability to MPERS. 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 MPERS UAL contribution would be \$73.1 million SAF.	Restricted	75,300,000	(2,200,000)
<u>House</u> concurs. <u>Senate</u> concurs.	GF/GP	\$0	\$0
5. Renaissance Zone Reimbursement Costs	Gross	\$2,500,000	(\$300,000)
<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. <u>Senate</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. Senate concurs with House.

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. Senate retains.

Sec. 209. Community College Transparency – 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.

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

Major Boilerplate Changes From FY 2018-19

Sec. 210f. Articulation Agreements and Academic Partnerships Reporting – RETAINED

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. Senate retains.

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. Senate retains.

Sec. 217. MCCDI Advisory Committee – RETAINED

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. Senate retains.

Sec. 218. Prisoner Credit Hours – RETAINED

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

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. Senate concurs with House.

Sec. 227. Community College Automobile Purchases – RETAINED

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. Senate retains.

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. Senate retains.

Sec. 230. Performance Indicator Formula – RETAINED

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%. Senate retains and updates dates.

Sec. 230. Community Colleges Tuition Restraint – NOT INCLUDED

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. Senate does not include.

FY 2019-20 Community Colleges Operations Appropriations
As Passed by the Senate

% of Formula:		30%	10%	10%	10%	30%	5%	5%	100%				
	FY 2018-19 Base	Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Administrative	Local Strategic Value	*Total Formula Distribution	Indian Tuition Waiver Adjustments	Total Adjustments	% Change	FY 2019-20 Appropriation
Alpena	5,707,600	21,510	6,308	4,607	12,592	10,264	7,521	3,585	66,400	8,500	74,900	1.3%	\$5,782,500
Bay de Noc	5,624,800	21,198	6,967	5,301	5,653	11,446	6,669	3,533	60,800	61,700	122,500	2.2%	\$5,747,300
Delta	15,104,300	56,923	15,180	20,650	15,180	51,715	8,776	9,487	177,900	(4,800)	173,100	1.1%	\$15,277,400
Glen Oaks	2,620,000	9,874	5,665	2,086	9,122	7,927	1,067	1,646	37,400	(2,200)	35,200	1.3%	\$2,655,200
Gogebic	4,844,300	18,257	4,868	2,541	12,114	8,274	4,686	3,043	53,800	44,400	98,200	2.0%	\$4,942,500
Grand Rapids	18,709,300	70,509	18,802	24,273	18,802	104,431	8,707	11,752	257,300	159,800	417,100	2.2%	\$19,126,400
Henry Ford	22,463,600	84,658	22,575	19,140	29,896	87,345	7,860	14,110	265,600	(40,000)	225,600	1.0%	\$22,689,200
Jackson	12,698,200	47,855	14,775	10,037	12,761	30,191	8,322	7,976	131,900	28,200	160,100	1.3%	\$12,858,300
Kalamazoo Valley	13,046,600	49,168	13,112	14,071	13,112	52,436	8,816	8,195	158,900	19,000	177,900	1.4%	\$13,224,500
Kellogg	10,214,400	38,495	10,265	12,142	10,265	30,620	9,094	6,416	117,300	64,600	181,900	1.8%	\$10,396,300
Kirtland	3,321,600	12,518	11,828	4,175	3,338	11,655	7,508	2,086	53,100	24,600	77,700	2.3%	\$3,399,300
Lake Michigan	5,672,100	21,376	5,700	5,454	5,700	22,746	4,694	3,563	69,200	2,500	71,700	1.3%	\$5,743,800
Lansing	32,725,800	123,333	35,502	36,434	32,889	89,986	8,092	20,556	346,800	80,300	427,100	1.3%	\$33,152,900
Macomb	34,124,000	128,602	34,294	35,764	40,987	140,379	8,987	21,434	410,400	(44,900)	365,500	1.1%	\$34,489,500
Mid-Michigan	5,112,400	19,267	5,138	9,151	5,138	24,021	6,106	3,211	72,000	128,100	200,100	3.9%	\$5,312,500
Monroe County	4,708,600	17,745	9,846	5,618	4,732	19,956	8,456	2,958	69,300	(1,200)	68,100	1.4%	\$4,776,700
Montcalm	3,542,900	13,352	8,431	4,607	3,561	10,859	7,272	2,225	50,300	4,200	54,500	1.5%	\$3,597,400
Mott	16,381,600	61,737	16,463	23,830	22,911	55,696	8,003	10,289	198,900	(42,500)	156,400	1.0%	\$16,538,000
Muskegon	9,264,700	34,916	9,311	6,838	9,311	26,466	9,085	5,819	101,700	43,100	144,800	1.6%	\$9,409,500
North Central	3,402,600	12,823	3,420	4,293	9,926	13,726	7,833	2,137	54,200	133,400	187,600	5.5%	\$3,590,200
Northwestern	9,625,400	36,275	15,122	9,951	9,673	26,165	6,981	6,046	110,200	124,700	234,900	2.4%	\$9,860,300
Oakland	22,093,000	83,261	41,507	38,442	22,203	106,864	8,417	13,877	314,600	(36,200)	278,400	1.3%	\$22,371,400
Schoolcraft	13,112,900	49,418	26,251	20,877	20,262	69,731	8,929	8,236	203,700	34,600	238,300	1.8%	\$13,351,200
Southwestern	6,946,900	26,181	8,957	7,684	13,368	15,135	4,366	4,363	80,100	25,400	105,500	1.5%	\$7,052,400
St. Clair	7,358,700	27,733	8,372	8,508	14,070	25,660	7,447	4,622	96,400	(20,600)	75,800	1.0%	\$7,434,500
Washtenaw	13,764,000	51,872	13,833	37,532	20,558	81,247	8,500	8,645	222,200	(2,700)	219,500	1.6%	\$13,983,500
Wayne County	17,487,200	65,904	29,741	28,248	24,110	67,119	7,192	10,984	233,300	(19,000)	214,300	1.2%	\$17,701,500
West Shore	2,573,400	9,698	2,586	2,568	2,586	12,400	3,026	1,616	34,500	12,500	47,000	1.8%	\$2,620,400
	322,250,900	1,214,460	404,820	404,820	404,820	1,214,460	202,410	202,410	4,048,200	785,500	4,833,700	1.5%	\$327,084,600

Data Notes		
Component	Source	Years
Performance improvement	Gov Dashboard ^A	FYs 2015-2017
Performance completion number	Federal IPEDS	FYs 2015-2017
Performance completion rate	Gov Dashboard ^A	FYs 2015-2017
Contact hours	State MCCDI	FY 2018
Administrative	State MCCDI	FYs 2017-2018
Indian Tuition Waiver	MI Dept of Civil Rights, SFA	FY 2018

^AGovernor's Dashboard stopped collecting data in Jan 2018