

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
COMMUNITY COLLEGES**



Analyst: Erik Jonasson

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	0.0	\$0	\$0	0.0
Federal	0	0	0	0.0	0	0	0.0
Local	0	0	0	0.0	0	0	0.0
Private	0	0	0	0.0	0	0	0.0
Restricted	195,880,500	197,614,100	1,733,600	0.9	197,614,100	0	0.0
GF/GP	88,000,000	96,516,400	8,516,400	9.7	96,516,400	0	0.0
Gross	\$283,880,500	\$294,130,500	\$10,250,000	3.6	\$294,130,500	\$0	0.0
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes: (1) FY 2011-12 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 9, 2012. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The Community Colleges budget supports the 28 community colleges located throughout the state. The colleges are governed by locally-elected boards of trustees. The colleges offer numerous educational programs aimed at traditional transfer students, career and technical education, developmental and remedial education, and continuing education courses. The colleges are funded through a combination of state aid, local property tax revenue, tuition and fees revenue, and other sources of revenue such as federal grants and investment earnings. State aid makes up about 19% of total community college general fund operating revenue, although the revenue mix varies considerably among the colleges.

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/09/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
1. Operations Funding	Gross	\$283,880,500	\$8,516,400	\$0
Funding for community college operations is increased by 3% (\$8.5 million GF/GP), with the funding increase distributed according to a performance funding formula. School Aid funding is maintained at \$195.9 million. The performance funding formula appropriates funds based on the three-year average of degree completions in critical skills areas. Critical skills areas are defined as scientific, technological, engineering, mathematical, and health-related fields. Percentage increases received by Community Colleges range from 1.3% to 8.4%. No additional increase for FY 2013-14; performance funding is not rolled in to ongoing base appropriations.	Restricted	195,880,500	0	0
	GF/GP	\$88,000,000	\$8,516,400	\$0
2. MPSERS Retirement Contributions	Gross	N/A	\$1,733,600	\$0
\$1.7 million from the School Aid Fund (SAF) is distributed to community colleges to offset a portion of retirement contributions owed by colleges for FY 2012-13. The distribution of these funds will be based on each college's proportion of the Michigan Public School Employee's Retirement System-covered payroll.	Restricted	N/A	1,733,600	0

Major Boilerplate Changes From FY 2011-12

Executive Boilerplate Deletions

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

Sec. 206. Payment of Appropriations - REVISED

Provides for 11 payments per year to community colleges; directs Department of Treasury to withhold appropriations if colleges fail to submit Activities Classification Structure data. Executive recommendation adds authority to withhold appropriations if P-20 longitudinal data system data is not reported. Executive recommendation gives the state budget director the authority to determine if a community college is in compliance with the provisions of this section.

Sec. 206b. Calculations for Operations Appropriations - NEW

Explains the process by which performance funding is calculated. A college's share of the three year average of the number of degree completions in critical skills areas is multiplied by the performance funding appropriation amount available per degree and added to each community college's FY 2011-12 operations appropriation.

Sec. 208. Capital Outlay Funding - REVISED

Requires that funding appropriated in section 201 is not used to pay for the construction or maintenance of a self-liquidating project. Executive Recommendation removes requirement that community colleges comply with requirements of the joint capital outlay subcommittee.

Sec. 209. Transparency Website - DELETED

Requires the colleges to post general fund expenditures on their websites. Expenditure information is to be broken down by various program areas (academic units, administrative units, and other initiatives) and include information on employee salaries and benefits, facility and equipment costs, and fund transfers. Colleges must also include projected FY 2011-12 budget information on the website and provide that information to the Legislature and the State Budget Office.

Sec. 210. Collaboration With Four-Year Universities, Local Employers, and Each Other - DELETED

Encourages colleges to collaborate with four-year universities, particularly in areas of training, instruction, program articulation, and meeting local employment needs; encourages colleges to collaborate with local employers and each other to identify local employment needs.

Sec. 210a. Block Transfer - DELETED

Establishes a 24-member committee made up of representatives from community colleges, universities, and legislators to develop a process to improve the transferability of core college courses between community colleges and universities, including the development of equivalency standards and identifying equivalent courses offered by the institutions.

Sec. 212. Cost Containment Initiatives - DELETED

Encourages 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.

Sec 214. Remedial Education Assessment Cut Score - DELETED

Establishes a 12-member committee of community college representatives, K-12 education representatives, and lawmakers to develop a common set of "cut scores" to be utilized by the colleges to determine the placement of recent high school graduates in remedial education courses at the college.

Sec. 216. Review of Statutory Mandates - DELETED

Intent language providing for the review of statutory mandates imposed on the colleges, including reviewing the costs and necessity of the mandates.

Major Boilerplate Changes From FY 2011-12

Sec. 224. *Aggregate Academic Status* - REVISED

Requires that colleges, upon request, inform high schools of the aggregate academic status of their students. Executive Recommendation adds language stating that community colleges shall cooperate with the Center for Education Performance and Information to design and implement a systematic approach for accomplishing this work.

Sec. 230. *Performance Indicator Formula* - DELETED

States intent that formula developed by performance indicator task force be used for funding distribution in future years.

Sec. 231. *Expected Rent Appropriations* - NEW

Outlines expected general fund support of \$26.2 million provided to community colleges for previously constructed capital projects. Funds are provided through appropriations to the Department of Technology, Management and Budget (DTMB).

Community College Performance Funding Proposal

FY 2012-2013 Executive Budget

Operations	Operations Funding FY 2011-12 YTD	Critical Skills Area Degree Completions ¹			Total Operations Funding FY 2012-13
		3 Year Average Completions	Funding of \$601.37 Per Completion ²	Percent Increase From FY 2011-12	
Alpena	\$4,984,300	280.0	\$168,400	3.4%	\$5,152,700
Bay de Noc	\$5,040,200	232.7	\$139,900	2.8%	\$5,180,100
Delta	\$13,336,200	969.7	\$583,100	4.4%	\$13,919,300
Glen Oaks	\$2,320,900	121.0	\$72,800	3.1%	\$2,393,700
Gogebic	\$4,140,500	172.0	\$103,400	2.5%	\$4,243,900
Grand Rapids	\$16,649,700	554.3	\$333,400	2.0%	\$16,983,100
Henry Ford	\$20,145,000	715.3	\$430,200	2.1%	\$20,575,200
Jackson	\$11,219,700	551.3	\$331,600	3.0%	\$11,551,300
Kalamazoo Valley	\$11,522,700	664.0	\$399,300	3.5%	\$11,922,000
Kellogg	\$9,047,900	464.3	\$279,200	3.1%	\$9,327,100
Kirtland	\$2,872,900	258.3	\$155,400	5.4%	\$3,028,300
Lake Michigan	\$4,937,700	166.7	\$100,200	2.0%	\$5,037,900
Lansing	\$28,651,900	1,529.7	\$919,800	3.2%	\$29,571,700
Macomb	\$30,490,300	1,153.7	\$693,800	2.3%	\$31,184,100
Mid Michigan	\$4,266,800	315.7	\$189,800	4.4%	\$4,456,600
Monroe County	\$4,094,000	197.0	\$118,500	2.9%	\$4,212,500
Montcalm	\$2,946,800	171.7	\$103,200	3.5%	\$3,050,000
Mott	\$14,526,400	692.3	\$416,300	2.9%	\$14,942,700
Muskegon	\$8,256,700	258.0	\$155,200	1.9%	\$8,411,900
North Central	\$2,886,500	127.3	\$76,600	2.7%	\$2,963,100
Northwestern	\$8,430,300	186.3	\$112,100	1.3%	\$8,542,400
Oakland	\$19,455,900	796.3	\$478,900	2.5%	\$19,934,800
St. Clair County	\$6,534,100	319.7	\$559,500	2.9%	\$6,726,300
Schoolcraft	\$11,477,300	930.3	\$90,400	4.9%	\$12,036,800
Southwestern	\$6,143,700	150.3	\$192,200	1.5%	\$6,234,100
Washtenaw	\$11,827,300	1,647.7	\$990,900	8.4%	\$12,818,200
Wayne County	\$15,425,900	461.3	\$277,400	1.8%	\$15,703,300
West Shore	\$2,248,900	74.7	\$44,900	2.0%	\$2,293,800
Total	\$283,880,500	14,161.6	\$8,516,400.00	3.0%	\$292,396,900

(1) Critical Skills Area (CSA) degree completions are defined as the three year average (FY 2008-09 to FY 2010-11) of certificate and associate degree completions in scientific, technological, engineering, mathematical, and health-related fields.

(2) Available performance funding is divided by total CSA degree completions. Community Colleges receive performance funding based on their share of CSA degree completions (\$601.37 per completion).