

Testimony Before
Michigan House of Representatives
Appropriations: Sub-committee on Community Colleges
By
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Good morning Chairman Muxlow and members of the Committee. My name is Timothy Nelson and it is my privilege to serve as President of Northwestern Michigan College in Traverse City. Thank you for allowing me to speak with you today.

I've provided you a written summary of some of Northwestern Michigan College's Achievements and activities. We shared this in January with our regional legislators.

A few of the most unique happenings include:

NMC is the first community college in the State of Michigan to offer its own fully accredited bachelor's degree; the BS in Maritime Technology. We awarded this degree to our first two graduates at our January Board meeting last month. Representative MacMaster was present for the ceremony. This degree saves our students between \$20 and \$30 thousand dollars and allows them to enter the workforce three to five months early providing them with the opportunity to earn an additional \$30 to \$40 thousand dollars. For those of you who helped us pass this legislation in December 2012, thank you.

We are building national recognition in specialty areas including unmanned systems. This included those in the air, in the water and on land. Our students are achieving salaries of \$60,000 to \$100,000 some before they finish their degrees.

We have established reverse transfer agreements with eleven universities and have seen our certificate and degree recipients almost double in the past five years.

Working with local industry, we have established new programs in engineering technology and are working with manufacturers to address their immediate talent concerns. As a participant in the Michigan New Jobs Training Act, we have executed 18 contracts worth \$1.5 million and creating an expected 297 good jobs.

We established a new Office of Outreach services which serves our veteran students. 5% of our student body is veterans, we are ranked in the top 15% of Military Friendly Schools in the

United States, and we provide no interest loans to veterans who are waiting for processing of their benefits checks.

We continue to find over 60% of our students each year are not prepared for college and require one or more remedial and developmental courses. Significant resources and actions have been dedicated over the past decade to address these needs and unfortunately, I do not see this turning around anytime soon.

Throughout these efforts, we have continued to find ways to control costs and make our education affordable.

Now to the issue of appropriations. I thank the Governor for his proposed investment in Community Colleges. The 3% operating increase allocated by our performance formula provides 2.9% for NMC. This equals approximately \$250,000 for us which is 6/10 of 1% of our operating budget. The additional investment by the State in the MPSERS differential is even more important representing almost \$800,000 for NMC. These increases help, but as with most of the publicly supported institutions in the state, we are a long way from restoring funding to previous levels.

As reference, when I became president of NMC in 2001, the state allocation was \$9,580,843. Last year 2013) it was \$9,035,146 including the MPSERS special contribution. Had the state investment just followed inflation, this amount would be over \$12.6 million. During this period our enrollment has grown by 20% or more, we've added new programs and services, repaired our aging facilities and kept tuition affordable. One of my vice president's son's was recently discussing whether to attend NMC and transfer or go directly to the University of Michigan. His mother asked, so what is the difference in cost? His Dad said, let's compare apples to apples. If you take a three credit college math course at NMC, it will cost about \$333 for tuition and fees. That same course at U of M is \$1890 for a part-time student and \$1618 for a full-time student...four to five and a half times our rate. So, I think we have, on our own, controlled tuition and costs pretty well during the last decade. I don't believe we need a state mandated cap on our tuition rates.

We have three major sources of revenue. The state, which for NMC is now about 21% of our budget, local property taxes, about 22% and tuition and fees about 53%. We were lucky in Grand Traverse County that our property values did not take the huge hit that some of our down state sister colleges experienced. However, we are seeing a continued erosion of property tax revenues due to other state and local actions. As I look at our current situation and the future, the following revenue reductions are occurring today or will occur in the future.

The Senate Fiscal Agency issued a report in the spring of 2012 evaluating the impact of the elimination of the Native American Tuition Waiver Program. The annual cost to NMC is a loss of \$233,000 in unbillable tuition. Our current brownfield, TIF, and DDA reductions this year are \$544,000 and our municipalities are working to establish more of these projects which will impact tax collections. The new veteran property tax elimination cost \$18,550, and the personal property tax elimination will cost \$110,000 or more in today's dollars when fully implemented. Total all of this up and these reductions are over \$900,000 million per year. 15% of our property tax collections.

The single variable we can control, and we have done so with prudence, is our tuition. Let's go back to my comparison of NMC with U of M tuition and the proposed 3.2% cap. For NMC the increase per hour is \$3.55 which means \$106.50 for 30 credits during the year. At the U of M, that increase will generate an additional \$414 for a full time student. This is within the context of an appropriation increase for U of M of \$16.4 million, and an increase for NMC of \$250,000. I ask that as you examine our budget, you maintain or increase the operating appropriation, that you maintain the MPSERS differential payment, and that you remove the language of tuition caps.

We have demonstrated our ability to provide an affordable, high quality education for our communities and to practice constraint.

Thank you for your consideration and service to the state.

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