

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17
COMMUNITY COLLEGES**



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| | FY 2014-15 Year-to-Date as of 2/11/15 | Proposed FY 2014-15 Adjustments | Adjusted FY 2014-15 Year-to-Date | FY 2015-16 Executive Recommendation | Change: FY 2015-16 vs. FY 2014-15 Adjusted | |
|-------------------|---|---------------------------------------|--|---|---|------------|
| | | | | | 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 | 197,614,100 | 167,110,800 | 364,724,900 | 256,714,800 | (108,010,100) | (29.6) |
| GF/GP | \$167,110,800 | (\$167,110,800) | \$0 | \$137,110,800 | 137,110,800 | -- |
| Gross | \$364,724,900 | \$0 | \$364,724,900 | \$393,825,600 | \$29,100,700 | 8.0 |

Notes: (1) FY 2014-15 year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include House Bill 4110 (H-1). (3) 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, after 2012, 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 Adjusted FY 2014-15 Appropriations

| | | FY 2014-15 Adjusted Year-to-Date | FY 2015-16 Executive Change |
|---|--------------|--|-----------------------------------|
| 1. Community College Operations Grants | Gross | \$307,191,300 | \$4,300,700 |
| Increases funding for community college operations grants by \$4.3 million (1.4%), to be distributed according to a revised performance funding formula. Projected increases for individual community colleges range from 1.2% to 1.9%. Increase funded with School Aid Fund (SAF) revenues. Restores \$81.3 million of originally enacted GF/GP support of \$111.3 million. Total funding would be \$311.5 million (\$81.3 million GF/GP). | Restricted | 307,191,300 | (77,010,100) |
| | GF/GP | \$0 | \$81,310,800 |
| 2. Michigan Public School Employees' Retirement System (MPSERS) State Share | Gross | \$52,300,000 | \$17,200,000 |
| Includes \$17.2 million increase, funded with SAF, for the state's share of colleges' unfunded liability to MPSERS; state's share is the difference between the actuarial accrued liability 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 state share would be \$69.5 million (\$52.3 million GF/GP). An additional \$6.9 million is expected to be needed in FY 2016-17. | Restricted | 52,300,000 | (35,100,000) |
| | GF/GP | \$0 | \$52,300,000 |
| 3. MPSERS Offset | Gross | \$1,733,600 | \$0 |
| Maintains funding for payments to community colleges to offset prior-year retirement contributions. | Restricted | 1,733,600 | 0 |
| | GF/GP | \$0 | \$0 |
| 4. Financial Aid | Gross | \$0 | \$6,000,000 |
| Provides \$6.0 million SAF to re-institute the Independent Part-Time Student Grant program, which was last funded in FY 2008-09. Program to be limited to community colleges and to provide assistance to adult students taking fewer than 12 credits, with priority for former postsecondary students who left prior to completing a degree or certificate. | Restricted | 0 | 6,000,000 |
| | GF/GP | \$0 | \$0 |

| <u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u> | | <u>FY 2014-15 Adjusted Year-to-Date</u> | <u>FY 2015-16 Executive Change</u> |
|---|---------------------|---|--|
| 5. Renaissance Zone Reimbursements | Gross | \$3,500,000 | \$1,600,000 |
| Increases funding for Renaissance Zone reimbursements by \$1.6 million SAF, bringing total funding to \$5.1 million (\$3.5 million GF/GP), the approximate amount of college tax revenue lost under Renaissance Zones in FY 2013-14. Restores GF/GP funding support to its originally-enacted level of \$3.5 million. | Restricted GF/GP | 3,500,000 \$0 | (1,900,000) \$3,500,000 |

Major Boilerplate Changes From FY 2014-15

Sec. 209. Community College Transparency – REVISED

Deletes from college transparency reporting requirements a requirement to post the estimated cost resulting from the Affordable Care Act, and a requirement to post a copy of the board of trustees resolution regarding compliance with the funding formula's local strategic value component (a component that the Executive proposes to eliminate). Also deletes a provision authorizing state budget director to withhold payment from a college that failed to comply with the reporting requirements, and provisions added in FY 2014-15 that require a community college to report certain data on dual enrollment, early college programs, and related endeavors.

Sec. 213. Michigan Transfer Agreement – REVISED

Adds language expressing an expectation that community colleges will work with the Michigan Association of Collegiate Registrars and Admissions Officers (MACRAO) and public universities to implement the Michigan Transfer Agreement.

Sec. 215. Independent Part-Time Student Grants – NEW

Urges community colleges to prioritize funds for aid to students who have enrolled in an academic program after not being enrolled for more than a semester or term, who have previously earned credits in an academic program, and who have not yet earned a certificate or degree.

Sec. 216. Activities Classification Structure (ACS) Advisory Committee – REVISED

Deletes language referring to initial report of ACS advisory committee, due July 30, 2015.

Sec. 226. Completion Data – REVISED

Adds to a requirement to report degree and completion data to the Workforce Development Agency (WDA) a requirement to work with WDA and the Center for Educational Performance and Information (CEPI) to develop a systematic approach to accomplish the task.

Sec. 229a. State Building Authority (SBA) Rent Payments – REVISED

Updates itemized list of community college capital outlay projects on which the state will pay SBA rent in FY 2015-16. Funding for SBA rent is appropriated under the General Government budget.

Sec. 230. Performance Funding Formula – REVISED

Eliminates the "local strategic value" component (currently set at 15%) of the formula for distributing performance-based funding, increases the weighted degree component from its current 17.5% to 32.5% of the formula, and adds a requirement to actively participate in the Michigan transfer network, which enables students to identify courses and credits transferable to and from Michigan postsecondary institutions.

FY 2015-16 COMMUNITY COLLEGE PERFORMANCE FUNDING INCREASES
Executive Recommendation

| College | FY 2014-15 Year-to-Date Appropriation | 50.0% | | 32.5% | | 10.0% | | 7.5% | | Total Performance Funding | Total Operations Funding | % Change from FY15 |
|------------------|---|---|--------------------|----------------------------------|--------------------|-------------------------------|------------------|-------------------------------|------------------|---------------------------------|--------------------------------|-----------------------|
| | | Proportional to FY 2014-15 Operations Funding | | Weighted Completions | | Contact-Hour-Equated Students | | Adjusted Administrative Costs | | | | |
| | | Share of Total | Funding | Total Weighted Completions | Funding | Number | Funding | Difference from Average | Funding | | | |
| Alpena | \$5,390,700 | 1.8% | \$37,735 | 1,128 | \$19,318 | 1,415 | \$3,454 | 8.6% | \$10,830 | \$71,300 | \$5,462,000 | 1.3% |
| Bay de Noc | \$5,419,500 | 1.8% | \$37,937 | 1,196 | \$20,474 | 1,834 | \$4,477 | 4.7% | \$5,865 | \$68,800 | \$5,488,300 | 1.3% |
| Delta | \$14,498,900 | 4.7% | \$101,493 | 4,195 | \$71,842 | 8,009 | \$19,550 | 11.8% | \$14,879 | \$207,800 | \$14,706,700 | 1.4% |
| Glen Oaks | \$2,516,100 | 0.8% | \$17,613 | 955 | \$16,355 | 985 | \$2,404 | 0.7% | \$917 | \$37,300 | \$2,553,400 | 1.5% |
| Gogebic | \$4,451,400 | 1.4% | \$31,160 | 739 | \$12,647 | 1,006 | \$2,456 | 6.9% | \$8,709 | \$55,000 | \$4,506,400 | 1.2% |
| Grand Rapids | \$17,947,500 | 5.8% | \$125,633 | 3,414 | \$58,467 | 12,309 | \$30,047 | 11.9% | \$14,905 | \$229,100 | \$18,176,600 | 1.3% |
| Henry Ford | \$21,623,800 | 7.0% | \$151,367 | 3,656 | \$62,611 | 11,856 | \$28,941 | 8.0% | \$10,023 | \$252,900 | \$21,876,700 | 1.2% |
| Jackson | \$12,087,300 | 3.9% | \$84,612 | 2,859 | \$48,962 | 4,459 | \$10,885 | 8.6% | \$10,763 | \$155,200 | \$12,242,500 | 1.3% |
| Kalamazoo Valley | \$12,503,100 | 4.1% | \$87,522 | 4,023 | \$68,888 | 7,897 | \$19,277 | 12.8% | \$16,131 | \$191,800 | \$12,694,900 | 1.5% |
| Kellogg | \$9,813,500 | 3.2% | \$68,695 | 2,243 | \$38,404 | 4,628 | \$11,296 | 12.2% | \$15,369 | \$133,800 | \$9,947,300 | 1.4% |
| Kirtland | \$3,167,700 | 1.0% | \$22,174 | 1,189 | \$20,354 | 1,410 | \$3,442 | 8.4% | \$10,591 | \$56,600 | \$3,224,300 | 1.8% |
| Lake Michigan | \$5,342,900 | 1.7% | \$37,400 | 1,045 | \$17,888 | 3,196 | \$7,802 | 7.0% | \$8,794 | \$71,900 | \$5,414,800 | 1.3% |
| Lansing | \$30,877,600 | 10.1% | \$216,144 | 8,435 | \$144,455 | 13,800 | \$33,686 | 14.4% | \$18,144 | \$412,300 | \$31,289,900 | 1.3% |
| Macomb | \$32,816,600 | 10.7% | \$229,717 | 6,557 | \$112,293 | 19,283 | \$47,070 | 13.3% | \$16,683 | \$405,800 | \$33,222,400 | 1.2% |
| Mid Michigan | \$4,682,000 | 1.5% | \$32,774 | 1,724 | \$29,516 | 3,178 | \$7,758 | 7.5% | \$9,420 | \$79,500 | \$4,761,500 | 1.7% |
| Monroe County | \$4,492,900 | 1.5% | \$31,450 | 1,119 | \$19,164 | 2,799 | \$6,832 | 11.7% | \$14,709 | \$72,200 | \$4,565,100 | 1.6% |
| Montcalm | \$3,226,700 | 1.1% | \$22,587 | 1,012 | \$17,323 | 1,335 | \$3,258 | 9.5% | \$11,925 | \$55,100 | \$3,281,800 | 1.7% |
| Mott | \$15,686,100 | 5.1% | \$109,803 | 4,071 | \$69,719 | 8,452 | \$20,632 | 11.7% | \$14,696 | \$214,800 | \$15,900,900 | 1.4% |
| Muskegon | \$8,901,000 | 2.9% | \$62,307 | 1,495 | \$25,594 | 3,740 | \$9,129 | 12.5% | \$15,768 | \$112,800 | \$9,013,800 | 1.3% |
| North Central | \$3,172,400 | 1.0% | \$22,207 | 651 | \$11,140 | 1,815 | \$4,429 | 10.5% | \$13,138 | \$50,900 | \$3,223,300 | 1.6% |
| Northwestern | \$9,078,800 | 3.0% | \$63,552 | 1,731 | \$29,645 | 3,977 | \$9,707 | 10.6% | \$13,385 | \$116,300 | \$9,195,100 | 1.3% |
| Oakland | \$21,123,300 | 6.9% | \$147,864 | 5,795 | \$99,235 | 20,359 | \$49,697 | 8.5% | \$10,744 | \$307,500 | \$21,430,800 | 1.5% |
| Schoolcraft | \$12,513,700 | 4.1% | \$87,596 | 4,555 | \$77,999 | 10,234 | \$24,980 | 9.4% | \$11,844 | \$202,400 | \$12,716,100 | 1.6% |
| Southwestern | \$6,576,400 | 2.1% | \$46,035 | 1,158 | \$19,832 | 2,256 | \$5,506 | 4.1% | \$5,210 | \$76,600 | \$6,653,000 | 1.2% |
| St Clair County | \$7,061,600 | 2.3% | \$49,431 | 1,449 | \$24,815 | 3,341 | \$8,154 | 8.5% | \$10,630 | \$93,000 | \$7,154,600 | 1.3% |
| Washtenaw | \$13,077,300 | 4.3% | \$91,542 | 7,131 | \$122,114 | 10,083 | \$24,612 | 11.5% | \$14,435 | \$252,700 | \$13,330,000 | 1.9% |
| Wayne County | \$16,727,600 | 5.4% | \$117,094 | 7,621 | \$130,515 | 11,455 | \$27,962 | 9.3% | \$11,742 | \$287,300 | \$17,014,900 | 1.7% |
| West Shore | \$2,414,900 | 0.8% | \$16,904 | 477 | \$8,160 | 1,078 | \$2,630 | 1.8% | \$2,303 | \$30,000 | \$2,444,900 | 1.2% |
| TOTAL: | \$307,191,300 | 100.0% | \$2,150,350 | 81,616 | \$1,397,728 | 176,185 | \$430,070 | 256.6% | \$322,553 | \$4,300,700 | \$311,492,000 | 1.4% |

Notes:

1. Calculations for weighted completions, contact hour equated students, and adjusted administrative costs are based on a two-year average of data from FYs 2013 and 2014.
2. Weighted completions metric includes awards for computer and information sciences
3. Contact Hour Equated Students and Adjusted Administrative Cost data are preliminary data provided by the Workforce Development Agency. Completions data are from IPEDS.