

**Testimony for House Tax Policy Committee Meeting  
Support for HB 5611 and 5612 / Daniel Hurley, CEO  
Wednesday, May 18, 2016**

The Michigan Association of State Universities Supports HBs 5611 (Amending of Community College Act) and 5612 (Amending of General Property Tax Act)

**1) HB 5611 and 5612 will Align State Policy and the Michigan Constitution with Respect to Tax Policy**

- The Michigan Constitution establishes a separate, distinct and mutually exclusive process for the establishment and support of the state's community colleges and its public universities (Article 8, Sections 4-7).
- Michigan's community colleges have locally elected boards of trustees and have local taxing authority to help subsidize their two-year degree offerings.
- Michigan's public universities have governing boards that are either gubernatorially-appointed or elected via statewide elections. These institutions do not and cannot receive revenues locally via property tax levies.
- Therefore, allowing community colleges to offer four-year degrees programs while also levying local property taxes runs afoul of the Michigan Constitution.
- Indeed, the legislature has the ability to authorize the creation of new public baccalaureate degree-granting institutions so long as it does so in a manner consistent with mandates contained in Article 8 of the Michigan Constitution. The conversion of a Michigan community college to a university would in part require the elimination of its local taxing authority. These House bills therefore remedy this issue.

**2) Inefficient Use of Public Resources**

- Michigan already has 15 public universities delivering four-year degree options on their main campuses, on satellite campuses, on community college campuses and at university centers throughout the state.
- In a state with one of the steepest forecasted declines in high school graduates in the years ahead, the last thing that makes sense as a public policy prescription is to create 28 more taxpayer-supported public four-year degree granting institutions.
- According to a House Fiscal Agency analysis, allowing Michigan's community colleges to offer baccalaureate degrees would increase operating costs at those institutions.

- Community colleges would in turn have to pay for these added costs by increasing local property taxes, increasing tuition, and/or requesting more state appropriations.

### 3) **Collaboration, not Duplication, Should be the Model for Michigan Higher Education**

- Michigan's students are already very well served by the collaborative efforts of universities and community colleges. Michigan's universities are working hand in hand with community colleges to meet the needs of students on community college campuses. Nearly 15,000 students are enrolled in more than 300 four-year degree programs offered by Michigan's universities at community colleges. An expansion and duplication of degree programs may threaten the collaborative relationships that exist between universities and community colleges.
- When it comes to collaboration, Nursing Education serves as a good example. Michigan public universities offer 18 RN to BSN nursing degree completion programs on community college campuses, at hospitals, and online. Twelve public and eight private colleges and universities offer baccalaureate degrees in nursing on their respective campuses. These institutions can provide RN to BSN programs to any student within Michigan, even in the most remote locations where the numbers are too small to create a cohort model.
  - Starting this fall, UM-Flint will begin offering the RN to BSN to current registered nurses in Traverse City. The format will be a mix of face-to-face and online sessions. Students can begin any semester. UM-Flint also offers the BSN degree completion program at four community colleges throughout the state.
  - And recently leaders from Grand Valley State University and Muskegon Community College signed a concurrent enrollment agreement that will provide MCC students with a seamless transition to a Bachelor's degree in Nursing. Programs such as these are the best ways to serve students, serve communities and serve taxpayers by avoiding unnecessary and expensive duplication.
- Further, Michigan's public universities have pledged to collaborate with community colleges to provide any new baccalaureate or degree completion program anywhere in the state for which there is a need within a community college district. To my knowledge, our universities have not reported any contact from community colleges to collaborate as a result of this pledge.

#### **In summary:**

- By eliminating the ability for community colleges that operate a baccalaureate degree to levy local property taxes, these two House bills will align state policy and Constitutional mandates with respect to tax policy.
- Passage of HB 5611 and 5612 will ensure more efficient use of taxpayer dollars, by preventing community colleges from charging citizens for a duplicative set of four-year degree programs.
- The state's public universities have a long and successful history of collaborating on laddered degree programs to ensure smooth student transfer, and in offering programs to meet local workforce needs. This model of collaboration, as opposed to a model of duplication, should guide state policy.