

**Summary: Executive Budget Recommendation
for Fiscal Years 2014-15 and 2015-16
COMMUNITY COLLEGES**



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	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		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	197,614,100	0	0.0	197,614,100	0	0.0
GF/GP	138,363,500	173,910,800	35,547,300	25.7	192,610,800	18,700,000	10.8
Gross	\$335,977,600	\$371,524,900	\$35,547,300	10.6	\$390,224,900	\$18,700,000	5.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected 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 2013-14 YTD Appropriations		Executive Changes		
		FY 2013-14 YTD (as of 2/5/14)	FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
1. Operations Grants	Gross	\$298,244,000	\$8,947,300	\$0
Increases funding for community college operations grants by \$8.9 million (3.0%). Projected increases for individual community colleges range from 2.7% to 3.7%. Funding increase to be distributed as provided in current performance funding formula, newly subject to a condition that a receiving college restrain its tuition and fee increases to 3.2% or less. Amounts not paid due to a college's failure to comply with the tuition restraint condition would be distributed to complying colleges according to the performance funding formula.	Restricted	195,880,500	0	0
	GF/GP	\$102,363,500	\$8,947,300	\$0

Executive Changes

Major Budget Changes From FY 2013-14 YTD Appropriations

2. MPSERS Contributions

Includes \$27.7 million GF/GP increase for the state's share of colleges' unfunded liability to the Michigan Public School Employees Retirement System (MPSERS). Increase consists of:

- \$20.9 million to fund the difference between the actuarial accrued liability to the system and the employer contribution cap of 20.96% of covered payroll set by 2012 amendments (2012 PA 300) to the Public School Employees Act.
- \$6.8 million, combined with redirection of existing School Aid Fund (SAF) appropriations, to fund the estimated cost of reducing the current 20.96%-of-payroll employer cap to 19.76%, a reduction of 1.2 percentage points.

Total state support for such payments would be \$60.8 million (\$59.1 million GF/GP). An additional increase of \$18.7 million GF/GP is projected for FY 2015-16.

	FY 2013-14 YTD (as of 2/5/14)	FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
Gross	\$33,133,600	\$27,700,000	\$18,700,000
Restricted	1,733,600	0	0
GF/GP	\$31,400,000	\$27,700,000	\$18,700,000

3. One-Time Appropriations

Eliminates funding for one-time appropriation of \$1.1 million GF/GP to the Michigan Community College Association for the purpose of updating and expanding the Michigan Community College Virtual Learning Collaborative.

Gross	\$1,100,000	(\$1,100,000)	\$0
GF/GP	\$1,100,000	(\$1,100,000)	\$0

Major Boilerplate Changes From FY 2013-14

Sec. 207a. MPSERS Funding Allocation and Employer Cap Buy-Down – NEW/REVISED

Specifies allocation method for distribution of consolidated MPSERS-related state funding (see No. 2, above) and assumes statutory change to Public School Employees Retirement Act to reduce maximum employer contribution to 19.76% of covered payroll. Distribution calculation would mirror current allocations of SAF and GF/GP portions, which are separately allocated based on each participating community college's percentage of the total covered payroll for all participating community colleges in immediately preceding fiscal year. Each college receiving MPSERS-related support would have to forward the amount allocated to the retirement system.

Sec. 209. Online Information – REVISED

Revises current online posting requirements by deleting requirements for each community college to post a statement of its estimated cost resulting from the federal Affordable Care Act, and a copy of the Board of Trustees resolution regarding compliance with best practices needed to qualify for local strategic value component of performance funding. Also deletes requirement for state budget director to determine community college compliance and provisions allowing withholding of monthly grant installment for non-compliance with online posting requirements.

Sec. 230. Local Strategic Value – REVISED

Changes from November 1 to October 14 the deadline for colleges to certify compliance with specified best practices, which is required to for a college to receive its share of the funding increase distributed under the local strategic value portion of the performance funding formula.

Sec. 230a. Tuition Restraint – NEW

Conditions receipt of funding increases on restraining tuition and fee increases for Michigan residents to 3.2% or less. Payments for performance funding and local strategic value would only be made to a community college that certified by August 31 that it had not adopted a tuition and fee increase after February 5, 2014 for the 2013-14 academic year and that it would not adopt a tuition and fee increase over 3.2% for the 2014-15 academic year.

COMMUNITY COLLEGE OPERATIONAL FUNDING INCREASES IN FY 2014-15 EXECUTIVE RECOMMENDATION

PERFORMANCE FUNDING FORMULA DISTRIBUTIONS									
<i>Percent of Formula-Distributed Increase:</i>		<i>50.0%</i>	<i>17.5%</i>	<i>10.0%</i>	<i>7.5%</i>	<i>15.0%</i>	<i>100.0%</i>		
Community College	FY 2013-14 Year-to-Date Appropriation³	Proportional to FY 2013-14 Funding	Weighted Completions	Contact Hour Equated Students	Adjusted Administrative Costs	Local Strategic Value³	Total Increase³	Proposed FY 2014-15 Appropriation	Percent Increase
Alpena	\$5,236,500	\$78,547	\$20,374	\$7,346	\$24,344	\$23,600	\$154,200	\$5,390,700	2.9%
Bay de Noc	\$5,279,300	\$79,189	\$24,053	\$9,488	\$3,660	\$23,800	\$140,200	\$5,419,500	2.7%
Delta	\$14,063,500	\$210,952	\$86,758	\$42,521	\$31,892	\$63,300	\$435,400	\$14,498,900	3.1%
Glen Oaks	\$2,441,500	\$36,622	\$19,578	\$5,397	\$1,963	\$11,000	\$74,600	\$2,516,100	3.1%
Gogebic	\$4,330,300	\$64,954	\$13,861	\$4,853	\$17,882	\$19,500	\$121,100	\$4,451,400	2.8%
Grand Rapids	\$17,454,900	\$261,823	\$62,200	\$60,876	\$29,226	\$78,500	\$492,600	\$17,947,500	2.8%
Henry Ford	\$21,060,000	\$315,899	\$72,402	\$63,497	\$17,230	\$94,800	\$563,800	\$21,623,800	2.7%
Jackson	\$11,758,200	\$176,373	\$58,725	\$23,594	\$17,546	\$52,900	\$329,100	\$12,087,300	2.8%
Kalamazoo Valley	\$12,122,500	\$181,837	\$68,519	\$40,857	\$34,744	\$54,600	\$380,600	\$12,503,100	3.1%
Kellogg	\$9,522,000	\$142,830	\$49,135	\$22,883	\$33,849	\$42,800	\$291,500	\$9,813,500	3.1%
Kirtland	\$3,055,700	\$45,835	\$22,898	\$7,037	\$22,397	\$13,800	\$112,000	\$3,167,700	3.7%
Lake Michigan	\$5,178,100	\$77,671	\$20,753	\$16,859	\$26,254	\$23,300	\$164,800	\$5,342,900	3.2%
Lansing	\$30,023,700	\$450,354	\$164,993	\$69,533	\$33,950	\$135,100	\$853,900	\$30,877,600	2.8%
Macomb	\$31,931,200	\$478,967	\$134,078	\$93,596	\$35,040	\$143,700	\$885,400	\$32,816,600	2.8%
Mid Michigan	\$4,517,900	\$67,768	\$36,235	\$16,919	\$22,875	\$20,300	\$164,100	\$4,682,000	3.6%
Monroe	\$4,342,600	\$65,139	\$20,491	\$14,506	\$30,682	\$19,500	\$150,300	\$4,492,900	3.5%
Montcalm	\$3,121,200	\$46,818	\$15,938	\$6,646	\$22,065	\$14,000	\$105,500	\$3,226,700	3.4%
Mott	\$15,247,100	\$228,706	\$68,034	\$44,351	\$29,299	\$68,600	\$439,000	\$15,686,100	2.9%
Muskegon	\$8,653,500	\$129,802	\$30,595	\$18,565	\$29,685	\$38,900	\$247,500	\$8,901,000	2.9%
North Central	\$3,064,400	\$45,966	\$13,580	\$9,057	\$25,633	\$13,800	\$108,000	\$3,172,400	3.5%
Northwestern	\$8,825,300	\$132,379	\$33,333	\$20,046	\$28,065	\$39,700	\$253,500	\$9,078,800	2.9%
Oakland	\$20,483,100	\$307,246	\$106,831	\$104,290	\$29,666	\$92,200	\$640,200	\$21,123,300	3.1%
Schoolcraft	\$12,112,200	\$181,683	\$91,660	\$49,560	\$24,108	\$54,500	\$401,500	\$12,513,700	3.3%
Southwestern	\$6,404,300	\$96,064	\$21,471	\$11,173	\$14,578	\$28,800	\$172,100	\$6,576,400	2.7%
St Clair County	\$6,860,100	\$102,901	\$27,819	\$16,907	\$22,982	\$30,900	\$201,500	\$7,061,600	2.9%
Washtenaw	\$12,610,800	\$189,162	\$141,232	\$49,381	\$29,984	\$56,700	\$466,500	\$13,077,300	3.7%
Wayne County	\$16,194,300	\$242,914	\$131,399	\$59,710	\$26,386	\$72,900	\$533,300	\$16,727,600	3.3%
West Shore	\$2,349,800	\$35,247	\$8,833	\$5,281	\$5,059	\$10,600	\$65,100	\$2,414,900	2.8%
TOTALS:	\$298,244,000	\$4,473,650	\$1,565,778	\$894,730	\$671,048	\$1,342,100	\$8,947,300	\$307,191,300	3.0%

Notes:

1. Assumes that all colleges qualify for increases under tuition restraint requirement and under existing local strategic value component of performance funding formula.
2. Local strategic value component is distributed to qualifying colleges after certification of compliance after start of fiscal year.
3. Year-to-date appropriations, local strategic value distributions, and total increases are rounded to the nearest hundred.