

**Summary: Executive Budget Recommendation
for Fiscal Year 2021-22
COMMUNITY COLLEGES**



Analyst: Perry Zielak

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	425,667,600	434,653,600	8,986,000	2.1
GF/GP	0	0	0	--
Gross	\$425,667,600	\$434,653,600	\$8,986,000	2.1

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Community Colleges budget, contained in Article II of the compiled School Aid Act, provides funding for operational support of the 28 public community colleges located throughout the state and some retirement costs for employees who participate in the state public school employee retirement system. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associate degrees, career and technical education, developmental and remedial education, continuing education, and 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 FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Community College Operations Increase	Gross	\$325,440,000	\$6,380,000
Increases community college operations funding by \$6.4 million School Aid Fund (SAF). This includes a one-time \$6.5 million SAF increase to operations grants for community colleges, a 2.0% increase, which would be distributed through the performance funding formula, and a \$93,100 SAF decrease based on FY 2019-20 North American Indian Tuition Waiver program costs reported by institutions. Attainment of the one-time operations increase, labeled operational support payments, would be conditioned on restraining in-district undergraduate tuition and fee increases to 4.2%. Total funding for operations would be \$331.8 million SAF.	Restricted	325,440,000	6,380,000
	GF/GP	\$0	\$0
2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$83,900,000	\$3,300,000
Increases funding by \$3.3 million SAF for the state's share of community colleges' UAAL to MPERS, a 3.9% increase, due to changes in payroll growth assumptions. The state's share is the difference between the calculated UAAL contribution 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 the state share of MPERS would be \$87.2 million SAF.	Restricted	83,900,000	3,300,000
	GF/GP	\$0	\$0
3. MPERS Normal Cost Offset	Gross	\$12,394,000	(\$694,000)
Decreases funding by \$694,000 SAF for the community colleges' normal cost portion, a 5.6% decrease, due to maintaining the current assumed rate of return at 6.8%. Total funding for the MPERS Normal Cost Offset would be \$11.7 million SAF.	Restricted	12,394,000	(694,000)
	GF/GP	\$0	\$0

Major Boilerplate Changes from FY 2020-21

Sec. 201e. One-Time Operational Support Payment Detail – NEW

Adds language detailing the one-time operational support payment allocations for each community college.

Sec. 206. Appropriations Payment Schedule and Reporting Requirements – REVISED

Provides for payment of appropriations in 11 installments per year to community colleges to be paid on the 16th of each month; directs Department of Treasury to withhold appropriations if colleges fail to submit Michigan Community College Data Inventory (MCCDI) data, longitudinal data system data, annual independent audits, tuition and fee information, and degree and certificate award data as required. Adds language stating that payments related to the MPSERS Normal Cost Offset would be distributed in quarterly payments. Deletes requirement that the state budget director notify the legislature before withholding funds from community colleges that fail to comply with reporting requirements. Revises MCCDI data reporting date to the first business day of November.

Sec. 207a. MPSERS Offset Appropriation – REVISED

Specifies the purpose and allocation method for the MPSERS offset. Funds to be allocated based on prior-year covered payroll and to be used solely for offsetting a portion of the retirement contributions owed by the receiving college. Adds language specifying that the MPSERS Normal Cost offset would be based on reported quarterly payroll for members in the current fiscal year.

Sec. 208. Self-Liquidating Projects Restriction and Capital Outlay Requirements – DELETED

Deletes language that prohibits community colleges from using state funds for construction or maintenance of a self-liquidating project and deletes requirement that colleges comply with Joint Capital Outlay Subcommittee (JCOS) use and finance policy for any capital outlay projects and subjects community colleges that fail to comply with JCOS requirements to a penalty of 1% of the operations funding for each violation.

Sec. 209. Transparency Website and Various Reporting Requirements – REVISED

Requires colleges to post specified information on their websites, including: annual operating budgets, general fund revenue and expenditure projections, a listing of debt service obligations, collective bargaining agreements, health care benefits plans, audits and financial reports, and information on dual enrollment programs and other opportunities for earning college credit while in high school. Deletes a provision authorizing the state budget director to withhold a community college's monthly installment payment for failure to comply with posting specified fiscal information on a transparency website. Deletes reporting requirements around budgeted current fiscal year revenues, in addition to reporting requirements involving career and technical programs, dual enrollment and early middle college programs.

Sec. 209a. Campus Safety Information and Resources Website, Safety Reporting Requirements – REVISED

Requires community colleges to develop a "campus safety information and resources" webpage, which must be linked and displayed on their home webpage. The page must display various safety information and policies, and the schools must certify compliance to the state budget director or have monthly state payments withheld. Deletes language that requires certification to the state budget director.

Sec. 212. Cost Containment and Efficiency Initiatives – DELETED

Deletes language that encourages community 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. 220. Auditor General Performance Audits – DELETED

Deletes language that explicitly authorizes performance audits by the auditor general and requires audited colleges to report audit responses to the legislature, the fiscal agencies, the Auditor General and the state budget director.

Sec. 226b. 2020-21 Academic Year and Covid-19 Reporting Requirements – DELETED

Deletes language that requires community colleges to report various enrollment and student residential data for the 2020-21 academic year by September 30, 2021 and deletes requirement for community colleges to report information related to online and Covid-19 fees, along with Covid-19 mitigation strategies and related data by November 1, 2020.

Sec. 226d. Free and Open Speech Policies Reporting Requirement – DELETED

Deletes language that requires community colleges to report on activities related to strategic planning or assessment of policies that provide for open and free speech while protecting students from hate speech and discrimination.

Sec. 228. Communication with the Legislature – DELETED

Deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature.

Major Boilerplate Changes from FY 2020-21

Sec. 230. Performance Formula Detail and Local Strategic Value Categories – REVISED

States the formula by which the amount available for performance funding (which is the amount of the annual increase in funding for community college operations) is allocated: 30% proportionate to prior-year base appropriations, 30% based on contact-hour-equated students weighted for health and technology/industrial fields, 10% based on performance completion improvement, 10% based on performance completion number, 10% based on performance completion rate, 5% based on administrative costs, 5% based on meeting certain requirements reflective of providing strategic value to the local community. Lists requirements for the local strategic value categories. States that community colleges must participate and submit semi-annual updates to the Michigan Transfer Network to receive performance funding payments. Adds language specifying the one-time operational support payments are distributed using the formula.

Sec. 231. Community Colleges Tuition Restraint Requirement – NEW

Adds language that provides tuition restraint requirements in order to receive the one-time operational support payments for FY 2021-22; community colleges must limit in-district tuition and fee increase to 4.2%. Defines the term “fee” to include the cost of any charges paid by more than half of all resident students. Defines the term “tuition and fee rate” to be the average cost charged to the majority of students for the 2 semesters with the highest amount of full-time equated students during an academic year. Specifies that the state budget director determines if a community college has satisfied the requirements to receive operational support payments and provides reports to the appropriations subcommittees and the fiscal agencies.

Supplemental Recommendations for FY 2020-21 Appropriations

**FY 2020-21
Recommendation**

1. Community College Operations Payment for Maintenance of Effort (MOE) Requirement

Includes \$12.7 million SAF for community college operations grant funding. The funding partially restores reductions made to operations grants in FY 2019-20, which would meet the MOE requirements in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Funding would be conditioned on adopting COVID-19 related polices, such as testing, contract tracing and campus mitigation strategies.

Gross	\$12,696,000
Restricted	12,696,000
GF/GP	\$0

**FY 2021-22 Community Colleges One-Time Operational Support Payment Appropriations
Executive Recommendation**

% of Formula:		30%	10%	10%	10%	30%	5%	5%						
FY 2020-21 Indian Tuition Waiver Payment	FY 2020-21 Base Appropriation	Sustainability	Performance- Improvement	Performance- Completion Number	Performance- Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Operational Support Payment	Indian Tuition Waiver Adjustments	*Total Indian Tuition Waiver Payment	FY 2021-22 Appropriation	% Change	
Alpena	\$14,200	\$5,753,300	\$34,520	\$12,196	\$7,455	\$16,473	\$17,662	\$12,720	\$5,753	\$106,800	9,700	\$23,900	\$5,884,000	2.0%
Bay de Noc	116,700	5,602,800	33,617	21,167	7,965	16,117	20,286	11,200	5,603	116,000	(5,100)	111,600	5,830,400	1.9%
Delta	47,700	15,160,500	90,963	26,531	26,499	31,162	84,429	12,058	15,161	286,800	12,400	60,100	15,507,400	2.0%
Glen Oaks	0	2,651,200	15,907	17,316	3,446	11,440	14,319	1,543	2,651	66,700	0	0	2,717,900	2.5%
Gogebic	49,600	4,873,700	29,242	7,798	4,316	16,303	12,315	9,867	4,874	84,700	2,400	52,000	5,010,400	1.8%
Grand Rapids	233,900	18,773,100	112,639	37,546	42,436	37,019	180,869	13,767	18,773	443,000	(35,300)	198,600	19,414,700	2.1%
Henry Ford	24,500	22,533,100	135,199	36,053	31,052	36,053	136,747	13,985	22,533	411,600	(9,500)	15,000	22,959,700	1.8%
Jackson	58,000	12,756,200	76,537	24,675	17,154	20,410	55,427	12,889	12,756	219,800	(11,800)	46,200	13,022,200	1.6%
Kalamazoo Valley	63,800	13,099,900	78,600	29,461	21,993	27,674	83,338	14,542	13,100	268,700	22,300	86,100	13,454,700	2.2%
Kellogg	61,600	10,267,100	61,603	22,819	18,730	23,524	50,547	14,033	10,267	201,500	(10,300)	51,300	10,519,900	1.9%
Kirtland	36,400	3,358,400	20,150	12,878	6,518	5,373	18,890	11,058	3,358	78,300	(29,900)	6,500	3,443,200	1.4%
Lake Michigan	8,600	5,702,700	34,216	9,124	9,549	9,124	30,677	6,419	5,703	104,800	4,500	13,100	5,820,600	1.9%
Lansing	158,000	32,852,000	197,112	58,802	55,505	59,602	144,321	12,935	32,852	561,100	(35,300)	122,700	33,535,800	1.6%
Macomb	43,400	34,276,100	205,657	54,842	60,303	62,051	229,372	14,044	34,276	660,500	(20,100)	23,300	34,959,900	1.9%
Mid-Michigan	124,800	5,184,400	31,106	8,295	10,616	14,989	36,972	9,242	5,184	116,400	29,100	153,900	5,454,700	2.7%
Monroe County	500	4,746,200	28,477	11,199	8,964	7,594	28,932	12,529	4,746	102,400	200	700	4,849,300	2.2%
Montcalm	7,100	3,570,600	21,424	9,229	7,721	5,713	15,021	11,806	3,571	74,600	(2,300)	4,800	3,650,000	2.0%
Mott	24,000	16,440,000	98,640	26,304	29,605	26,304	75,300	12,399	16,440	285,000	17,000	41,000	16,766,000	1.8%
Muskegon	73,900	9,289,100	55,735	14,863	13,246	21,907	41,553	13,535	9,289	170,100	(16,400)	57,500	9,516,700	1.6%
North Central	173,400	3,389,300	20,336	8,954	7,211	12,216	20,195	12,121	3,389	84,400	7,800	181,200	3,654,900	2.6%
Northwestern	276,000	9,567,100	57,403	19,590	14,048	22,648	42,376	11,514	9,567	177,100	(24,800)	251,200	9,995,400	1.5%
Oakland	35,100	22,211,700	133,271	43,045	59,046	42,623	167,061	12,810	22,212	480,100	(1,600)	33,500	22,725,300	2.2%
Schoolcraft	40,300	13,196,200	79,177	21,114	34,396	28,079	113,250	14,279	13,196	303,500	(1,500)	38,800	13,538,500	2.3%
Southwestern	37,200	6,979,400	41,877	32,301	9,535	11,167	25,544	9,419	6,979	136,800	(3,100)	34,100	7,150,300	1.9%
St. Clair County	3,400	7,385,200	44,311	12,818	16,889	19,674	44,940	10,697	7,385	156,700	11,700	15,100	7,557,000	2.3%
Washtenaw	32,300	13,855,900	83,136	22,169	79,605	29,784	136,879	13,320	13,856	378,700	3,000	35,300	14,269,900	2.7%
Wayne County	14,900	17,593,400	105,561	42,024	39,303	28,150	103,618	11,108	17,593	347,400	100	15,000	17,955,800	2.0%
West Shore	26,500	2,585,600	15,514	4,197	4,207	4,137	11,089	7,815	2,586	49,600	(6,300)	20,200	2,655,400	1.7%
\$1,785,800	\$323,654,200	\$1,941,930	\$647,310	\$647,310	\$647,310	\$1,941,930	\$323,655	\$323,655	\$6,473,100	(\$93,100)	\$1,692,700	\$331,820,000	2.0%	

Data Notes		
Component	Source	Years
Performance improvement	CEPI	FYs 2017-2019
Performance completion number	Federal IPEDS	FYs 2017-2019
Performance completion rate	CEPI	FYs 2017-2019
Contact hours	State MCCDI	FY 2020
Administrative	State MCCDI	FYs 2019-2020

* Beginning in FY 2019-20, Indian Tuition Waiver Payments were unrolled from the Operations base amounts. ITW Adjustment amounts are made from the prior fiscal year's ITW payment compared to the most recent reported waiver cost. ITW Payments are listed as "Indian Tuition Waiver Costs Incurred" that is broken out in each community college's operations listing in the budget bill