

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
COMMUNITY COLLEGES**



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	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	260,414,800	395,142,600	134,727,800	51.7
GF/GP	135,510,800	3,025,000	(132,485,800)	(97.8)
Gross	\$395,925,600	\$398,167,600	\$2,242,000	0.6

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) 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 FY 2016-17 Year-to-Date (YTD) Appropriations		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Community College Operations Grants	Gross	\$315,892,000	\$0
Shifts funding by \$130.4 million from GF/GP to School Aid Fund (SAF), as the entirety of operations grants are funded through SAF. Maintains current FY 2016-17 funding levels for community colleges operations grants of \$315.9 million.	Restricted	185,481,200	130,410,800
	GF/GP	\$130,410,800	(\$130,410,800)
2. Michigan Public School Employee Retirement System (MPSERS)	Gross	\$73,200,000	(\$2,395,000)
Reduces funding by \$2.4 million SAF for MPSERS. This includes a reduction of \$9.1 million SAF for the state's share of colleges' unfunded liability to MPSERS and a \$6.7 million SAF increase to cover the reduction in the assumed rate of return for MPSERS from 8% to 7.5%. The 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 the state share of MPSERS would be \$70.8 million SAF.	Restricted	73,200,000	(2,395,000)
	GF/GP	\$0	\$0
3. MPSERS Normal Cost Offset	Gross	\$0	\$3,612,000
Includes \$3.6 million SAF to reimburse community colleges for their normal cost portion to reduce the assumed rate of return for MPSERS from 8% to 7.5%.	Restricted	0	3,612,000
	GF/GP	\$0	\$0
4. Renaissance Zone Reimbursements	Gross	\$5,100,000	(\$2,000,000)
Reduces funding by \$2.0 million GF/GP for Renaissance Zone reimbursements to community colleges. Estimated reimbursement payments required by statute have decreased due to recent Personal Property Tax reforms. Also includes funding shift of \$3.1 million from GF/GP to SAF, bringing total funding to \$3.1 million SAF.	Restricted	0	3,100,000
	GF/GP	\$5,100,000	(\$5,100,000)
5. Independent Part-Time Student Grant	Gross	\$0	\$2,000,000
Includes \$2.0 million GF/GP for a pilot program that provides financial support to part-time adult students who have earned 15 credits or more. The grants are limited to students enrolled at community colleges who are near the completion of a degree or certificate.	GF/GP	\$0	\$2,000,000
6. Michigan Transfer Network	Gross	\$0	\$1,025,000
Includes \$1.0 million GF/GP in one-time funds to support the enhancement of the Michigan Transfer Network website. The new site will better assist students in transferring credits between different institutions of Higher Education within the state.	GF/GP	\$0	\$1,025,000

Major Boilerplate Changes From FY 2016-17

Sec. 201(7). Independent Part-Time Student Grants – NEW

Specifies that priority for grants will be given to students with greatest financial need as determined by each institution if applicants exceed anticipated numbers. Also requires report in FY 2018-19 from community colleges on number of students who received a grant and number of students who received a grant and completed a degree or certificate program.

Sec. 201(8). Independent Part-Time Student Grants – NEW

States that community colleges that fail to submit the report specified in 201(7), shall not receive further Independent Part-Time Student Grants. Adds that Department of Treasury will report information by November 1.

Sec. 201(9). Michigan Transfer Network – NEW

Specifies that the \$1,025,000 appropriation to the Michigan Community College Association (MCCA) is to enhance the transfer network website. Requires MCCA to update appropriations committees, fiscal agencies and State Budget Office on project status until completion.

Sec. 206. Community Colleges Activities Classification Structure (ACS) Data – REVISED

Specifies required information and datasets that community colleges must report to the Center of Educational Performance and Information (CEPI) by November 1.

Sec. 208. Self-Liquidating Projects – DELETED

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

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. Deletes requirement that each college's board of trustees post a resolution of compliance with best practices for the local strategic value component. Also deletes a provision authorizing state budget director to withhold payment from a college that failed to comply with the reporting requirements.

Sec. 210b. Colleges and Universities Transfer Agreement – REVISED

Revises language around reporting requirements for the Michigan Community College Association and the Michigan Association of State Universities on course transfer agreements between community colleges and state universities.

Sec. 212. Cost Containment Initiatives – DELETED

Encourages 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. 217. Activities Classification Structure (ACS) Data – REVISED

Deletes language requiring CEPI to assist community colleges in complying with state and federal audits.

Sec. 223. North American Indian Tuition Waiver – REVISED

Changes reporting requirement for community colleges from prior fiscal year to prior academic year.

Sec. 224. Aggregate Academic Status – REVISED

Specifies that CEPI will use reported community college data in its P-20 longitudinal data system to inform high schools and the public of the aggregate academic status of each institution's students for the previous academic year.

Sec. 225. Tuition Rate Reports – REVISED

Indicates that community colleges will report tuition and fee reports to CEPI by August 31 and CEPI will make information available to the fiscal agencies and State Budget Office.

Sec. 227. Community College Automobile Purchases – DELETED

Forbids lease or purchase of foreign-made vehicles if vehicles made in Michigan or elsewhere in the U.S. are competitively priced and of comparable quality.

Sec. 228. Communication with the Legislature – DELETED

Forbids a community college from taking disciplinary action against an employee for communicating with the legislature.