

COMMUNITY COLLEGES SEPARATION BY MAJORITY VOTE



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FISCAL ANALYSIS

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HOUSE BILL 5157 AS INTRODUCED

Sponsor: Rep. William J. O'Neil

First House Committee: Redistricting and Elections

COMMITTEE ANALYSIS - 2/13/02

Analyst(s): Caven West

SUMMARY

House Bill 5157 (as introduced) amends the Community College Act to allow local school districts, cities, villages, and townships to separate from community college districts by a majority vote.

The community colleges annually enroll over 400,000 students and provide more than 2,000 career-training programs. This includes traditional transfer programs, vocation education programs, and technical training and retraining programs for people in high skilled positions.

Taxing Jurisdiction: Public Act 331 of 1966 provides for the assessment, levy, and collection of local property taxes. Michigan's 28 community colleges are organized on a district basis as follows: intermediate school districts-- twelve (12) colleges, kindergarten through twelve-- three (3) colleges, kindergarten through fourteen-- one (1) college, and twelve (12) colleges along county lines. The district for each college consists of one or more school districts, intermediate school districts, counties, villages, townships, and cities. Table 1 depicts the colleges by legal designation.

Table 1-Taxing Boundaries

ISD Boundary	K-12 Boundary	County Boundary	K-14 Boundary
Grand Rapids CC	Alpena CC	Muskegon CC	Henry Ford CC
Mott CC	Lansing CC	Jackson CC	
St. Clair CC	Schoolcraft CC	Gogebic CC	
Kellogg CC		Lake Michigan CC	
Oakland CC		Northwestern MI CC	
Montcalm CC		Macomb CC	
Glen Oaks CC		Delta CC	
Mid-Michigan CC		North Central CC	
Kirtland CC		Bay de Noc CC	
Kalamazoo CC		Monroe CC	
West Shore CC		Southwestern CC	
Wayne CC		Washtenaw CC	

Fiscal Impact: Community colleges receive revenues from property tax receipts, tuition and fees from students, State aid, and grants from various sources. On average, the colleges receive 35% of its revenues from the General Fund, 31.1% from property taxes, 30.4% from tuition and fees, and 3.5% from "other sources." In fiscal year 2000, this equated to \$296 million from the General Fund, \$326 million from property taxes, \$242 million from tuition and fees, and \$34 million from grants for a total of \$898 million. This is the most up-to-date audited information available.

House Bill 5157 would amend the Community College Act of 1966 to authorize school districts, cities, villages, and townships to separate from a community college district. Thus, severing all property tax obligations to colleges within its taxing jurisdiction. In its current form, this bill would realign the taxing authority of the 28 community colleges, 57 intermediate school districts, 554 school districts, 261 villages, 1,292 townships, and 272 cities statewide. Conceivably, this bill could redistribute nearly \$326 million in property tax revenues from the community college system. This is 36% of colleges' total revenues. To offset any revenue shortfall, some colleges may decide to downsize or eliminate core educational programs and services. Other colleges may increase tuition and fees or seek additional revenues from the State. HB 5157 includes an opt-out provision, however the bill does not include a provision for colleges that opt-out of one community college district to opt-into another district. Out-district students pays an average of \$77 per credit hour and in-district students pays an average of \$52 per credit hour. Of the total student population of 417,520 (Fiscal Year 2000), 268,682 or 64.5% are in-district students, 148,060 or 35.4% are out-district students, and 778 or 0.2% are prison inmates enrolled at community colleges.