

WAYNE COUNTY COMMUNITY COLLEGE SEPARATION



Telephone: (517) 373-8080
Facsimile: (517) 373-5874
www.house.state.mi.us/hfa

FISCAL ANALYSIS

Mitchell Bean, Director
124 N. Capitol Avenue
4-N HOB Lansing, MI

HOUSE BILL 5157 SUBSTITUTE H-2

Sponsor: Rep. William J. O'Neil

First House Committee: Redistricting and Elections

REVISED COMMITTEE ANALYSIS - 3/7/02

Analyst(s): Caven West

SUMMARY

House Bill 5157 H-2 would amend the PA 331 of 1966, as amended, referred to as the Community College Act to allow local school districts, cities, villages, or townships within Wayne County Community College (WC3) District and 11 other college districts to sever all financial obligation to college districts organized by intermediate school district (ISD) alignment.

WC3 District Background: According to WC3 District Capital Outlay Master Plan submitted to the Department of Management and Budget, the District enrolls approximate over 19,000 (unduplicated headcount) students with future plans to accommodate about 40,000 students. The College offers general education transfer programs, health education programs, vocational education programs, and open entry/open exit customized training for manufacturing and high-tech companies in the region.

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 are configured along county boundaries. The district for each college consists of one or more school districts, intermediate school districts, counties, villages, townships, and cities. Table 1 lists 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: WC3 District and the other 27 community colleges receive revenues from property tax receipts, tuition and fees from students, State aid, and grants from various sources. Recently, a majority of the voters within the WC3 District approved a millage rate of 2.5 mills to support District operations. The House Fiscal Agency estimates that WC3 District would realize approximate \$65.7 million or an additional \$41 million. Using this figure as a baseline, WC3 District would receive nearly \$66 million from property tax receipts, \$10 million from student tuition and fees, about \$1 million from "other sources" such as grants, and \$17 from the State's General Fund for a total \$94 million. A snapshot of the eleven other colleges' revenue streams are as follows: \$137 million from property taxes, \$86 million associated with tuition and fees, \$13 million from "other sources," and \$116 million from the State's General Fund for a total of \$352 million.

If this bill is approved in its current form by the Legislature, WC3 District could lose over \$47 million from tax receipts and \$2 million from tuition and fees paid by part-time students residing in certain communities. This represents 51% of WC3 District's total revenues. The other eleven colleges could also lose \$137 million from property taxes and \$40 million from part-time in-district tuition and fees for a total of \$177 million.

Conceivably, this bill could redirect \$227 million or 51% in property tax and tuition revenues from twelve community colleges. To offset this shortfall, some colleges may close campuses or eliminate or downsize educational programs and services. Other colleges may increase in-district, out-district, and out-state tuition and fees or seek additional revenues from the State to maintain services. This could also limit the colleges' bond ratings. Finally, more than 100,000 in-district students would now pay an average out-district tuition rate of \$70 per credit hour versus \$53.87 per in-district credit hour. The bill is silent as to whether displaced residents/students could opt-into another college district. This bill would increase territories of the State that are unserved by a community college; providing other colleges decide not to annex the unserved service areas. Currently, 50% of the State's territory is not part of a community college district.