

FY 2015-16: COMMUNITY COLLEGES
Summary: as reported from House Subcommittee
House Bill 4113 (H-1)



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	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	364,724,900	256,714,800	256,714,800			(108,010,100)	(29.6)
GF/GP	0	137,110,800	135,882,000			135,882,000	--
Gross	\$364,724,900	\$393,825,600	\$392,596,800			\$27,871,900	7.6

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including House Bill 4110). (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 2014-15 YTD Appropriations

1. Community College Operations Grants

Executive increases funding for community college operations grants by \$4.3 million (1.4%), to be distributed according to a revised performance funding formula. Projected increases for individual community colleges range from 1.2% to 1.9%. Total funding would be \$311.5 million: \$230.2 million School Aid Fund (SAF), \$81.3 million GF/GP.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
Gross	\$307,191,300	\$6,143,800
Restricted	307,191,300	(73,938,200)
GF/GP	\$0	\$80,082,000

House increases operations grant funding by \$6.1 million (2.0%), to be distributed under the current performance funding formula. Projected increases for individual colleges range from 1.8% to 2.4%. Total funding would be \$313.3 million: \$233.3 million School Aid Fund (SAF), \$80.1 million GF/GP.

2. Michigan Public School Employees' Retirement System (MPERS) State Share

Executive includes \$17.2 million increase, funded with SAF, for the state's share of colleges' unfunded liability to MPERS; 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 state share would be \$69.5 million (\$52.3 million GF/GP). An additional \$6.9 million is expected to be needed in FY 2016-17.

Gross	\$52,300,000	\$17,200,000
Restricted	52,300,000	(35,100,000)
GF/GP	\$0	\$52,300,000

House concurs.

3. MPERS Offset

Executive maintains funding for payments to community colleges to offset prior-year retirement contributions. House concurs.

Gross	\$1,733,600	\$0
Restricted	1,733,600	0
GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>		<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 House Change</u>
4. Financial Aid	Gross	\$0	\$2,928,100
<u>Executive</u> provides \$6.0 million SAF to re-institute the Independent Part-Time Student Grant program, which was last funded in FY 2008-09. Program to be limited to community colleges and to provide assistance to adult students taking fewer than 12 credits, with priority for former postsecondary students who left prior to completing a degree or certificate. <u>House</u> funds at \$2.9 million, using the difference to provide increased funding for college operations grants.	Restricted	0	2,928,100
	GF/GP	\$0	\$0
5. Renaissance Zone Reimbursements	Gross	\$3,500,000	\$1,600,000
<u>Executive</u> increases funding for Renaissance Zone reimbursements by \$1.6 million SAF, bringing total funding to \$5.1 million (\$3.5 million GF/GP), the approximate amount of college tax revenue lost under Renaissance Zones in FY 2013-14. Restores GF/GP funding support to its originally-enacted level of \$3.5 million. <u>House</u> concurs.	Restricted	3,500,000	(1,900,000)
	GF/GP	\$0	\$3,500,000

Major Boilerplate Changes From FY 2014-15

Sec. 209. Community College Transparency – RETAINED

Executive deletes from college transparency reporting requirements a requirement to post the estimated cost resulting from the Affordable Care Act, and a requirement to post a copy of the board of trustees resolution regarding compliance with the funding formula's local strategic value component (a component that the Executive proposes to eliminate). Executive also deletes a provision authorizing state budget director to withhold payment from a college that failed to comply with the reporting requirements, and provisions added in FY 2014-15 that require a community college to report certain data on dual enrollment, early college programs, and related endeavors.

House retains current transparency requirements without substantive changes.

Sec. 210b. Michigan Transfer Agreement – RETAINED

Encourages implementation of Michigan Transfer Agreement and requires status report. Executive includes substantially similar language in another section, while deleting the reporting requirement. House retains Sec. 210b.

Sec. 210c. Block Transfer Study Committee – NEW

House establishes a study committee to develop a process to improve the transferability and applicability of associates' degrees as a block of credits between community colleges and public universities on a statewide basis.

Sec. 215. Independent Part-Time Student Grants – NEW

Executive urges community colleges to prioritize funds for aid to students who have enrolled in an academic program after not being enrolled for more than a semester or term, who have previously earned credits in an academic program, and who have not yet earned a certificate or degree. House concurs.

Sec. 216. Activities Classification Structure (ACS) Advisory Committee – REVISED

Executive deletes language referring to initial report of ACS advisory committee, due July 30, 2015. House concurs.

Sec. 226. Completion Data – REVISED

Executive adds to a requirement to report degree and completion data to the Workforce Development Agency (WDA) a requirement to work with WDA and the Center for Educational Performance and Information (CEPI) to develop a systematic approach to accomplish the task. House concurs.

Sec. 229a. State Building Authority (SBA) Rent Payments – REVISED

Executive updates itemized list of community college capital outlay projects on which the state will pay SBA rent in FY 2015-16. Funding for SBA rent is appropriated under the General Government budget. House concurs.

Sec. 230. Performance Funding Formula – REVISED

Executive eliminates the "local strategic value" component (currently set at 15%) of the formula for distributing performance-based funding, increases the weighted degree component from its current 17.5% to 32.5% of the formula, and adds a requirement to actively participate in the Michigan transfer network, which enables students to identify courses and credits transferable to and from Michigan postsecondary institutions.

House retains the local strategic value component of the performance funding formula, but concurs with the Executive in requiring colleges to actively participate in the Michigan transfer network.

**FY 2015-16 COMMUNITY COLLEGE PERFORMANCE FUNDING INCREASES
HB 4113 (H-1)**

		50.0%		17.5%		10.0%		7.5%		15.0%				
		Proportional to FY 2014-15 Operations Funding		Weighted Completions		Contact-Hour-Equated Students		Adjusted Administrative Costs		Presumed Local Strategic Value Funds				
College	FY 2014-15 Year-to-Date Appropriation	Share of Total	Funding	Total Weighted Completions	Funding	Number	Funding	Difference from Average	Funding	Share of Total	Funding	Total Performance Funding	Total Operations Funding	% Change from FY15
Alpena	\$5,390,700	1.8%	\$53,907	1,128	\$14,860	1,415	\$4,934	8.6%	\$15,471	1.8%	\$16,200	\$105,400	\$5,496,100	2.0%
Bay de Noc	\$5,419,500	1.8%	\$54,195	1,196	\$15,749	1,834	\$6,395	4.7%	\$8,378	1.8%	\$16,300	\$101,000	\$5,520,500	1.9%
Delta	\$14,498,900	4.7%	\$144,988	4,195	\$55,263	8,009	\$27,929	11.8%	\$21,255	4.7%	\$43,500	\$292,900	\$14,791,800	2.0%
Glen Oaks	\$2,516,100	0.8%	\$25,161	955	\$12,581	985	\$3,435	0.7%	\$1,310	0.8%	\$7,500	\$50,000	\$2,566,100	2.0%
Gogebic	\$4,451,400	1.4%	\$44,514	739	\$9,729	1,006	\$3,508	6.9%	\$12,442	1.4%	\$13,400	\$83,600	\$4,535,000	1.9%
Grand Rapids	\$17,947,500	5.8%	\$179,474	3,414	\$44,974	12,309	\$42,923	11.9%	\$21,292	5.8%	\$53,800	\$342,500	\$18,290,000	1.9%
Henry Ford	\$21,623,800	7.0%	\$216,237	3,656	\$48,162	11,856	\$41,344	8.0%	\$14,318	7.0%	\$64,900	\$385,000	\$22,008,800	1.8%
Jackson	\$12,087,300	3.9%	\$120,872	2,859	\$37,663	4,459	\$15,549	8.6%	\$15,375	3.9%	\$36,300	\$225,800	\$12,313,100	1.9%
Kalamazoo Valley	\$12,503,100	4.1%	\$125,030	4,023	\$52,990	7,897	\$27,538	12.8%	\$23,045	4.1%	\$37,500	\$266,100	\$12,769,200	2.1%
Kellogg	\$9,813,500	3.2%	\$98,135	2,243	\$29,541	4,628	\$16,137	12.2%	\$21,955	3.2%	\$29,400	\$195,200	\$10,008,700	2.0%
Kirtland	\$3,167,700	1.0%	\$31,677	1,189	\$15,657	1,410	\$4,917	8.4%	\$15,130	1.0%	\$9,500	\$76,900	\$3,244,600	2.4%
Lake Michigan	\$5,342,900	1.7%	\$53,429	1,045	\$13,760	3,196	\$11,145	7.0%	\$12,562	1.7%	\$16,000	\$106,900	\$5,449,800	2.0%
Lansing	\$30,877,600	10.1%	\$308,775	8,435	\$111,118	13,800	\$48,123	14.4%	\$25,920	10.1%	\$92,600	\$586,500	\$31,464,100	1.9%
Macomb	\$32,816,600	10.7%	\$328,165	6,557	\$86,378	19,283	\$67,243	13.3%	\$23,833	10.7%	\$98,400	\$604,000	\$33,420,600	1.8%
Mid Michigan	\$4,682,000	1.5%	\$46,820	1,724	\$22,704	3,178	\$11,082	7.5%	\$13,457	1.5%	\$14,000	\$108,100	\$4,790,100	2.3%
Monroe County	\$4,492,900	1.5%	\$44,929	1,119	\$14,741	2,799	\$9,761	11.7%	\$21,012	1.5%	\$13,500	\$103,900	\$4,596,800	2.3%
Montcalm	\$3,226,700	1.1%	\$32,267	1,012	\$13,325	1,335	\$4,654	9.5%	\$17,036	1.1%	\$9,700	\$77,000	\$3,303,700	2.4%
Mott	\$15,686,100	5.1%	\$156,860	4,071	\$53,629	8,452	\$29,473	11.7%	\$20,995	5.1%	\$47,100	\$308,100	\$15,994,200	2.0%
Muskegon	\$8,901,000	2.9%	\$89,010	1,495	\$19,688	3,740	\$13,042	12.5%	\$22,526	2.9%	\$26,700	\$171,000	\$9,072,000	1.9%
North Central	\$3,172,400	1.0%	\$31,724	651	\$8,569	1,815	\$6,327	10.5%	\$18,768	1.0%	\$9,500	\$74,900	\$3,247,300	2.4%
Northwestern	\$9,078,800	3.0%	\$90,788	1,731	\$22,803	3,977	\$13,867	10.6%	\$19,122	3.0%	\$27,200	\$173,800	\$9,252,600	1.9%
Oakland	\$21,123,300	6.9%	\$211,232	5,795	\$76,334	20,359	\$70,995	8.5%	\$15,349	6.9%	\$63,400	\$437,300	\$21,560,600	2.1%
Schoolcraft	\$12,513,700	4.1%	\$125,136	4,555	\$59,999	10,234	\$35,686	9.4%	\$16,919	4.1%	\$37,500	\$275,200	\$12,788,900	2.2%
Southwestern	\$6,576,400	2.1%	\$65,764	1,158	\$15,255	2,256	\$7,865	4.1%	\$7,443	2.1%	\$19,700	\$116,000	\$6,692,400	1.8%
St Clair County	\$7,061,600	2.3%	\$70,616	1,449	\$19,088	3,341	\$11,649	8.5%	\$15,186	2.3%	\$21,200	\$137,700	\$7,199,300	1.9%
Washtenaw	\$13,077,300	4.3%	\$130,772	7,131	\$93,933	10,083	\$35,159	11.5%	\$20,622	4.3%	\$39,200	\$319,700	\$13,397,000	2.4%
Wayne County	\$16,727,600	5.4%	\$167,275	7,621	\$100,395	11,455	\$39,945	9.3%	\$16,774	5.4%	\$50,200	\$374,600	\$17,102,200	2.2%
West Shore	\$2,414,900	0.8%	\$24,149	477	\$6,277	1,078	\$3,757	1.8%	\$3,290	0.8%	\$7,200	\$44,700	\$2,459,600	1.9%
TOTAL:	\$307,191,300	100.0%	\$3,071,900	81,616	\$1,075,165	176,185	\$614,380		\$460,785			\$6,143,800	\$313,335,100	2.0%

Notes:

1. Calculations for weighted completions, contact hour equated students, and adjusted administrative costs are based on a two-year average of data from FYs 2013 and 2014.
2. Weighted completions metric includes awards for computer and information sciences
3. Contact Hour Equated Students and Adjusted Administrative Cost data are preliminary data provided by the Workforce Development Agency. Completions data are from IPEDS.