

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
COMMUNITY COLLEGES**



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	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	256,714,800	260,414,800	3,700,000	1.4
GF/GP	131,110,800	138,610,800	7,500,000	5.7
Gross	\$387,825,600	\$399,025,600	\$11,200,000	2.9

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Community College Operations Grants	Gross	\$311,492,000	\$7,500,000
Increases funding for community college operations grants by \$7.5 million GF/GP, Restricted	Restricted	236,181,200	(\$50,700,000)
to be distributed according to a revised performance funding formula. Shift of \$50.7 million from School Aid Fund (SAF) to GF/GP. Projected increases for individual community colleges range from 1.7% to 3.8%. Total funding would be \$318.9 million (\$133.5 million GF/GP).	GF/GP	\$75,310,800	\$58,200,000
2. Michigan Public School Employee Retirement System (MPSERS)	Gross	\$69,500,000	\$3,700,000
Provides additional \$3.7 million SAF for the state's share of colleges' unfunded liability to MPSERS, bringing total funding to \$73.2 million SAF. There is a \$56 million increase of SAF, used to account for the \$3.7 million increase and an offset of a \$52.3 million GF/GP reduction. 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).	Restricted	17,200,000	56,000,000
	GF/GP	\$52,300,000	(\$52,300,000)
3. Renaissance Zone Reimbursements	Gross	\$5,100,000	\$0
Replaces \$1.6 million SAF reduction with \$1.6 million GF/GP increase, resulting in entire \$5.1 million reimbursement program funded by GF/GP.	Restricted	1,600,000	(1,600,000)
	GF/GP	\$3,500,000	\$1,600,000

Major Boilerplate Changes From FY 2015-16

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

Requires Michigan community colleges to report ACS data to the Center for Educational Performance and Information (CEPI).

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.

Major Boilerplate Changes From FY 2015-16

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. 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

Deletes legislative intent language and revises to require the Michigan Community College Association and the Michigan Association of State Universities issue a report on the implementation of the transfer agreement between community colleges and state universities.

Sec. 210c. Block Transfer Study Committee – DELETED

Establishes 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. 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

Changes responsibility of drafting the ACS report from the Workforce Development Agency to the Center for Educational Performance and Information (CEPI).

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.

Sec. 230. Performance Funding Formula – REVISED

Modifies the formula for distributing performance-based funding: reduces the across-the-board adjustment from 50% to 30%, increases the contact hours component from its current 10% unweighted to 30% weighted for health and technology/industrial fields, increases the performance based component from its current 17.5% based on weighted degree and certificate completions to 20%, adds 10% for completion improvement, reduces the local strategic value component from 15% to 5% and lowers the administrative costs component from 7.5% to 5%.

Sec. 230a. Performance Indicators Task Force – DELETED

Requires creation by October 15, 2015 of a task force to make recommendations on community college performance metrics with a report due January 15, 2016.

FY 2016-17 Community College Performance Funding Increases Executive Recommendation

College	FY 2015-16 Year-to-Date Appropriation	30%		30%		20%		10%		5%		5%		Total Performance Funding	Total Operations Funding	% Change from FY16
		Proportional to FY 2015-16 Operations Funding		Weighted Student Contact Hours		Weighted Degrees and Certificates		Completion Improvement		Adjusted Administrative Costs		Presumed Local Strategic Value Funds				
		Share of Total	Funding	Weighted Student Contact Hours	Funding	Weighted Degrees and Certificates	Funding	Completion Improvement	Funding	Difference from Average	Funding	Share of Total	Funding			
Alpena	\$5,464,400	1.8%	\$39,471	835,940	\$19,457	1,112	\$21,853	32.27%	\$63,741	8.2%	\$11,626	1.8%	\$6,578	\$162,700	\$5,627,100	3.0%
Bay de Noc	\$5,490,200	1.8%	\$39,657	1,018,644	\$23,709	1,129	\$22,187	-3.26%	\$0	6.2%	\$8,784	1.8%	\$6,610	\$100,900	\$5,591,100	1.8%
Delta	\$14,704,000	4.7%	\$106,211	4,258,709	\$99,123	3,893	\$76,506	0.11%	\$32,334	11.6%	\$16,516	4.7%	\$17,702	\$348,400	\$15,052,400	2.4%
Glen Oaks	\$2,551,100	0.8%	\$18,427	545,016	\$12,685	556	\$10,927	-12.60%	\$0	0.2%	\$345	0.8%	\$3,071	\$45,600	\$2,596,700	1.8%
Gogebic	\$4,509,900	1.4%	\$32,576	636,539	\$14,816	681	\$13,383	17.99%	\$41,337	6.7%	\$9,470	1.4%	\$5,429	\$117,000	\$4,626,900	2.6%
Grand Rapids	\$18,187,300	5.8%	\$131,372	6,949,500	\$161,752	3,761	\$73,912	8.63%	\$38,484	12.0%	\$17,026	5.8%	\$21,895	\$444,400	\$18,631,700	2.4%
Henry Ford	\$21,893,300	7.0%	\$158,142	6,324,830	\$147,213	3,602	\$70,788	3.03%	\$34,054	12.4%	\$17,644	7.0%	\$26,357	\$454,200	\$22,347,500	2.1%
Jackson	\$12,245,300	3.9%	\$88,451	2,551,706	\$59,392	2,504	\$49,209	1.64%	\$33,182	10.0%	\$14,137	3.9%	\$14,742	\$259,100	\$12,504,400	2.1%
Kalamazoo Valley	\$12,689,400	4.1%	\$91,659	4,267,480	\$99,327	3,522	\$69,215	0.00%	\$32,254	13.1%	\$18,557	4.1%	\$15,277	\$326,300	\$13,015,700	2.6%
Kellogg	\$9,950,100	3.2%	\$71,873	2,683,801	\$62,467	2,321	\$45,613	-9.40%	\$0	12.5%	\$17,724	3.2%	\$11,979	\$209,700	\$10,159,800	2.1%
Kirtland	\$3,221,500	1.0%	\$23,270	925,655	\$21,545	1,009	\$19,829	-3.17%	\$0	9.4%	\$13,319	1.0%	\$3,878	\$81,800	\$3,303,300	2.5%
Lake Michigan	\$5,417,700	1.7%	\$39,134	1,779,793	\$41,425	933	\$18,336	0.33%	\$32,458	7.1%	\$10,022	1.7%	\$6,522	\$147,900	\$5,565,600	2.7%
Lansing	\$31,288,200	10.0%	\$226,004	7,773,347	\$180,928	8,367	\$164,431	-2.15%	\$0	12.7%	\$18,089	10.0%	\$37,667	\$627,100	\$31,915,300	2.0%
Macomb	\$33,239,500	10.7%	\$240,099	10,471,280	\$243,723	6,029	\$118,484	-0.41%	\$0	13.0%	\$18,418	10.7%	\$40,016	\$660,700	\$33,900,200	2.0%
Mid Michigan	\$4,757,700	1.5%	\$34,366	1,817,998	\$42,315	1,666	\$32,741	2.50%	\$33,820	7.5%	\$10,603	1.5%	\$5,728	\$159,600	\$4,917,300	3.4%
Monroe County	\$4,565,600	1.5%	\$32,979	1,587,325	\$36,946	1,087	\$21,362	-1.42%	\$0	11.8%	\$16,682	1.5%	\$5,496	\$113,500	\$4,679,100	2.5%
Montcalm	\$3,280,600	1.1%	\$23,697	791,560	\$18,424	1,051	\$20,655	17.70%	\$43,751	9.1%	\$12,974	1.1%	\$3,949	\$123,400	\$3,404,000	3.8%
Mott	\$15,901,700	5.1%	\$114,863	4,743,368	\$110,404	4,078	\$80,142	6.31%	\$36,314	11.2%	\$15,867	5.1%	\$19,144	\$376,700	\$16,278,400	2.4%
Muskegon	\$9,020,700	2.9%	\$65,159	2,134,901	\$49,691	1,333	\$26,196	31.25%	\$77,734	12.9%	\$18,374	2.9%	\$10,860	\$248,000	\$9,268,700	2.7%
North Central	\$3,224,800	1.0%	\$23,294	1,001,885	\$23,319	648	\$12,735	15.16%	\$41,606	10.9%	\$15,461	1.0%	\$3,882	\$120,300	\$3,345,100	3.7%
Northwestern	\$9,200,500	3.0%	\$66,458	2,170,087	\$50,510	1,581	\$31,070	5.16%	\$35,686	10.3%	\$14,666	3.0%	\$11,076	\$209,500	\$9,410,000	2.3%
Oakland	\$21,429,400	6.9%	\$154,791	10,619,828	\$247,181	5,546	\$108,992	-21.28%	\$0	8.5%	\$12,009	6.9%	\$25,798	\$548,800	\$21,978,200	2.6%
Schoolcraft	\$12,706,400	4.1%	\$91,782	5,184,774	\$120,678	3,787	\$74,423	1.56%	\$33,120	11.4%	\$16,137	4.1%	\$15,297	\$351,400	\$13,057,800	2.8%
Southwestern	\$6,657,600	2.1%	\$48,090	1,315,393	\$30,616	1,167	\$22,934	-0.39%	\$0	4.5%	\$6,330	2.1%	\$8,015	\$116,000	\$6,773,600	1.7%
St Clair County	\$7,158,000	2.3%	\$51,704	2,004,628	\$46,658	1,410	\$27,710	0.68%	\$32,616	8.3%	\$11,838	2.3%	\$8,617	\$179,100	\$7,337,100	2.5%
Washtenaw	\$13,301,100	4.3%	\$96,078	5,630,364	\$131,049	6,477	\$127,288	7.27%	\$36,967	11.4%	\$16,211	4.3%	\$16,013	\$423,600	\$13,724,700	3.2%
Wayne County	\$16,989,800	5.5%	\$122,722	6,042,965	\$140,652	6,603	\$129,764	5.11%	\$36,274	9.2%	\$13,091	5.5%	\$20,454	\$463,000	\$17,452,800	2.7%
West Shore	\$2,446,200	0.8%	\$17,670	601,310	\$13,996	474	\$9,315	2.88%	\$34,271	2.2%	\$3,083	0.8%	\$2,945	\$81,300	\$2,527,500	3.3%
TOTAL:	\$311,492,000	100.0%	\$2,250,000	96,668,626	\$2,250,000	76,327	\$1,500,000		\$750,000		\$375,000	100.0%	\$375,000	\$7,500,000	\$318,992,000	2.4%

Notes:

1. Calculations for weighted contact hours are based on data provided by the Workforce Development Agency from FY 2014.
2. Calculations for completion improvement are based on data provided to the Governor's dashboard on completion rates from the Michigan Community College Association annually.
3. Calculations for weighted completions and adjusted administrative costs are based on a two-year average of data from FYs 2014 and 2015.
4. The completion improvement metric utilizes six-year completions for each college from 2007 and 2008 cohorts. Completions metric includes certificates, degrees and transfers.
5. Adjusted Administrative Cost data are preliminary data provided by the Workforce Development Agency. Completions data are from IPEDS.