

FY 2024-25: COMMUNITY COLLEGES
Summary: As Passed by the Senate
Senate Bill 753 (S-2)



Analyst: Perry Zielak

IDG/IDT	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	FY 2024-25 House	FY 2024-25 Senate	FY 2024-25 Conference	Difference: Senate From FY 2023-24 Enacted	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$	\$0	--
Federal	0	0	0	0		0	--
Local	0	0	0	0		0	--
Private	0	0	0	0		0	--
Restricted	544,517,500	465,920,800	468,811,200	469,141,600		(75,375,900)	(13.8)
GF/GP	0	0	0	1,200,100		1,200,100	--
Gross	\$544,517,500	\$465,920,800	\$468,811,200	\$470,341,700	\$	(\$74,175,800)	(13.6)

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Community Colleges budget, contained in Article II of the compiled School Aid Act, provides funding for operational support of the 28 public community colleges located throughout the state and some retirement costs for employees who participate in the state public school employee retirement system. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associate degrees, career and technical education, developmental and remedial education, continuing education, and 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 2023-24 Enacted Appropriations

1. Community College Operations Increase

Executive includes a net increase of \$9.0 million School Aid Fund (SAF) for community college operations, a 2.5% increase. This includes:

- \$8.9 million SAF, or 2.5%, increase to operations grants for community colleges, which would be distributed through the performance funding formula.
- \$49,100 SAF increase based on FY 2022-23 North American Indian Tuition Waiver (ITW) program costs reported by institutions.

Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 5.0% or \$241. Projected funding increases for individual community colleges would range from 2.0% to 3.8%. Total funding for operations would be \$366.9 million SAF.

House includes a net increase of \$11.9 million School Aid Fund (SAF) for community college operations, a 3.3% increase. This includes:

- \$11.8 million SAF, or 3.3%, increase to operations grants for community colleges, which would be distributed through the performance funding formula.
- \$49,100 SAF increase based on FY 2022-23 North American Indian Tuition Waiver (ITW) program costs reported by institutions.

Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 4.5% or \$217. Projected funding increases for individual community colleges would range from 2.7% to 4.8%. Total funding for operations would be \$369.8 million SAF.

Senate includes a net increase of \$9.0 million School Aid Fund (SAF) for community college operations, a 2.5% increase. This includes:

[continued on next page]

	FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 Senate Change
Gross	\$357,961,900	\$8,969,900
Restricted	357,961,900	8,969,900
GF/GP	\$0	\$0

Major Budget Changes from FY 2023-24 Enacted Appropriations

1. Community College Operations Increase (continued)

- \$8.9 million SAF, or 2.5%, increase to operations grants for community colleges, which would be distributed through the performance funding formula.
- \$49,100 SAF increase based on FY 2022-23 North American Indian Tuition Waiver (ITW) program costs reported by institutions.

Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 4.5% or \$217. Projected funding increases for individual community colleges would range from 2.0% to 3.8%. Total funding for operations would be \$366.9 million SAF.

2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment

Gross	\$105,800,000	(\$43,700,000)
Restricted	105,800,000	(43,700,000)
GF/GP	\$0	\$0

Executive decreases funding by \$43.7 million SAF for the state's share of community colleges' MPERS UAAL, a 41.3% decrease. The state's share is the difference between the calculated UAAL contribution 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 MPERS would be \$62.1 million SAF. House concurs. Senate concurs.

3. MPERS Community College Payroll Cap Reduction

Gross	\$0	\$0
Restricted	0	0
GF/GP	\$0	\$0

Executive adds \$5.7 million SAF to lower community college's MPERS UAAL employer contribution cap from 20.96% to 20.0%. Payments would be made to MPERS through the community colleges. Total funding for the MPERS community college payroll cap reduction would be \$5.7 million SAF. House concurs. Senate does not include.

4. MPERS Normal Cost Offset

Gross	\$23,000,000	(\$1,200,000)
Restricted	23,000,000	(1,200,000)
GF/GP	\$0	\$0

Executive decreases funding by \$1.2 million SAF for the community colleges' MPERS normal cost offset, a 5.2% decrease, due to maintaining the assumed rate of return at 6.0%. Total funding for the MPERS normal cost offset would be \$21.8 million SAF. House concurs. Senate concurs.

5. Infrastructure, Technology, Equipment, Maintenance, and Safety

Gross	\$32,836,600	(32,836,500)
Restricted	32,836,600	(32,836,600)
GF/GP	\$0	\$100

Executive removes \$32.8 million SAF of one-time funding for Infrastructure, Technology, Equipment, Maintenance, and Safety, which would allow community colleges to repair, improve, or maintain existing buildings, facilities, equipment, technological and physical infrastructure, student housing, and school safety measures. House concurs but maintains \$100 placeholder for the program. Requires individual community college allocations to be distributed based on calculated FY 2022-23 fiscal year equated student (FYES) enrollment. Allocations would not be distributed until January 2025. Senate concurs with House but maintains \$100 GF/GP placeholder.

6. Institutional Best Practices Incentive

Gross	\$0	\$8,920,800
Restricted	0	8,920,800
GF/GP	\$0	\$0

Senate adds \$8.9 million SAF of one-time funding for community colleges that implement a series of best practices that include: require students to participate in an institutional orientation, provide academic pathway support and an academic course plan, establish a credit policy and assessment based on prior learning and knowledge, adopt a co-requisite model for remedial courses and provide the courses at no cost to students, and require students to meet with an academic advisor once a semester or term. Requires eligible community college allocations be distributed based on the college's proportion of FY 2024-25 performance funding.

		FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 Senate Change
Major Budget Changes from FY 2023-24 Enacted Appropriations			
7. Local Heroes Program	Gross	\$0	\$850,000
<u>Senate</u> adds \$850,000 GF/GP of one-time funding to the Michigan Community College Association, who would administer a program to increase the number of dual enrolled high school students and encourage pursuit of a career in education or public safety.	GF/GP	\$0	\$850,000
8. Kalamazoo Valley Community College Internet Accessibility	Gross	\$0	\$350,000
<u>Senate</u> adds \$350,000 GF/GP of one-time funding to improve internet accessibility at Kalamazoo Valley Community College.	GF/GP	\$0	\$350,000
9. Removal of FY 2023-24 One-Time Appropriations	Gross	\$15,530,000	(\$15,530,000)
<u>Executive</u> removes \$15.5 million SAF of one-time funding that was included in the FY 2023-24 budget to support the following:	Restricted	15,530,000	(15,530,000)
<ul style="list-style-type: none"> • Critical Incident Mapping (\$5.0 million SAF) • Career and Education Navigators for Adult Learners (\$5.0 million SAF) • Michigan Reconnect Entry Point Program (\$5.0 million SAF) • Kalamazoo Valley Community College Workforce Development Grants (\$530,000 SAF) 	GF/GP	\$0	\$0
<u>House</u> concurs. <u>Senate</u> concurs.			

Major Boilerplate Changes from FY 2023-24

Sec. 205. Ordering From Businesses in Deprived and Depressed Communities – REVISED

Encourages community colleges to ensure businesses in economically distressed areas compete for and perform contracts for services and/or supplies. Executive revises language to encourage community colleges to ensure geographically disadvantaged business enterprises compete for and perform contracts for services and/or supplies. House concurs. Senate concurs.

Sec. 216c. Infrastructure, Technology, Equipment, Maintenance, and Safety Appropriation Detail – REVISED

Executive deletes language that details infrastructure, technology, equipment, maintenance, safety and housing (ITEMS) repayment categories that ITEMS funding could be used for by community colleges and language on program eligibility and distribution of funding. House revises language to remove capital outlay project authorization as a restriction to receiving ITEMS funding. Senate concurs with House but revises deadline to distribute lump sum payments from January to October.

Sec. 216d. ITEMS Certification and Payment Detail – DELETED

Executive deletes language that details the certification process community colleges must complete and have approved by the State Budget Director in order to receive an ITEMS payment. House concurs. Senate concurs.

Sec. 216e. Institutional Best Practices One-Time Incentive Detail – NEW

Senate adds language that details the institutional best practices community colleges must certify to receive a lump sum payment. The best practices include: requiring students to participate in an institutional orientation, providing academic pathway support and an academic course plan to new students, establishing a credit policy and assessment based on prior learning and knowledge, adopting a co-requisite model for remedial courses and provide the courses at no cost to students, and requiring students to meet with an academic advisor once a semester or term. Specifies eligible community college allocations would be distributed based on the community college’s proportion of FY 2024-25 performance funding.

Sec. 217b. Community College Tuition and Fee Restraint and Annual Rate Report – REVISED

Requires community colleges to report tuition and fee rates, the annual cost of tuition and fees for a 30 credit course load, and tuition and fee increases from the prior year to CEPI by the last business day of August; details tuition restraint requirements in order to receive performance funding for FY 2023-24; and requires community colleges to limit in-district tuition and fee increases to 4.5% or \$205, whichever is greater. Specifies community colleges that violate the tuition restraint cap may have their appropriation adjusted. Executive revises language that limits FY 2024-25 in-district tuition and fee increases to 5.0% or \$241, whichever is greater, and limits FY 2025-26 in-district tuition and fee increases to the greater of 5.0% or \$253. House revises language that limits FY 2024-25 in-district tuition and fee increases to 4.5% or \$217, whichever is greater. Senate concurs with House.

Major Boilerplate Changes from FY 2023-24

Sec. 217c. Charter School Authorizing Body Report – NEW

Senate adds language that requires each community college or tribal college that serves as an authorizing body for public school academies to submit a report on various details on public school academies authorized by the institution, including a list of all schools authorized; a list of any schools that closed or lost authorization; a description of new contracts for the operation of schools performing in the bottom 5%; the academic performance of each authorized school; the total enrollment; aggregated student enrollment data for students with an individualized education program; the total number of fees, reimbursements, contributions or charges received; the names of the board of directors for each authorized school; the name of the approved applicant for each school; the list of contracts and term lengths; activities to comply with the open meetings act; and a financial report on the various revenues and expenses for the authorizing body.

Sec. 217d. Itemized Cost of Attendance Report – NEW

Senate adds language that requires each community college to provide an itemized cost of attendance report for full-time students for the current and previous two academic years.

Sec. 228. Communication With the Legislature – RETAINED

Executive deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature. House retains. Senate retains.

**FY 2024-25 Community Colleges Operations Appropriations
As Passed by the Senate**

% of Formula:												30%		10%		10%		10%		30%		5%		5%		100%			
	Total FY 2023-24 Appropriation	FY 24 Indian Tuition Waiver Payment	FY 2023-24 Base Appropriation	Sustainability	Performance-Improvement	Performance-Completion Number	Performance-Completion Rate	Contact Hours	Admin.	Local Strategic Value	Total Formula Distribution	FY 2023 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	Total FY 25 Indian Tuition Waiver Payment	FY 2024-25 Appropriation	% Change													
Alpena	\$6,327,100	\$26,500	\$6,300,600	\$47,255	\$38,690	\$10,639	\$24,417	\$24,631	\$17,598	\$7,876	\$171,100	\$21,800	(4,700)	\$21,800	\$6,493,500	2.6%													
Bay de Noc	6,299,200	113,900	6,185,300	46,390	42,558	9,922	24,688	31,667	24,899	7,732	187,900	100,000	(13,900)	100,000	6,473,200	2.8%													
Delta	16,690,500	48,200	16,642,300	124,818	36,602	41,335	33,285	121,043	22,324	20,803	400,200	24,800	(23,400)	24,800	17,067,300	2.3%													
Glen Oaks	2,939,000	0	2,939,000	22,043	5,878	6,475	17,494	19,322	0	3,674	74,900	1,800	1,800	1,800	3,015,700	2.6%													
Gogebic	5,367,600	37,900	5,329,700	39,973	10,659	5,897	24,083	17,676	10,492	6,662	115,400	48,400	10,500	48,400	5,493,500	2.3%													
Grand Rapids	20,966,400	122,000	20,844,400	156,334	55,391	53,194	41,689	213,656	19,951	26,056	566,300	111,100	(10,900)	111,100	21,521,800	2.6%													
Henry Ford	24,943,900	14,100	24,929,800	186,974	49,860	78,463	49,860	203,839	18,013	31,162	618,200	6,400	(7,700)	6,400	25,554,400	2.4%													
Jackson	13,887,400	33,300	13,854,100	103,906	30,798	23,108	27,708	80,721	13,990	17,318	297,500	42,300	9,000	42,300	14,193,900	2.2%													
Kalamazoo Valley	14,539,400	57,500	14,481,900	108,615	28,964	33,061	40,140	120,022	21,892	18,102	370,800	37,200	(20,300)	37,200	14,889,900	2.4%													
Kellogg	11,290,200	21,000	11,269,200	84,519	22,539	27,175	22,539	70,504	21,144	14,087	262,500	35,400	14,400	35,400	11,567,100	2.5%													
Kirtland	3,792,900	19,800	3,773,100	28,298	7,546	9,782	7,546	26,607	18,856	4,716	103,400	25,800	6,000	25,800	3,902,300	2.9%													
Lake Michigan	6,321,600	3,600	6,318,000	47,385	14,220	12,480	12,636	48,039	7,648	7,898	150,300	6,000	2,400	6,000	6,474,300	2.4%													
Lansing	35,752,700	63,500	35,689,200	267,670	73,781	73,016	82,910	183,377	16,707	44,612	741,900	81,200	17,700	81,200	36,512,300	2.1%													
Macomb	37,661,900	26,500	37,635,400	282,267	75,271	74,942	86,594	293,213	16,032	47,045	875,200	23,700	(2,800)	23,700	38,534,300	2.3%													
Mid Michigan	5,798,500	55,600	5,742,900	43,072	21,204	12,458	11,486	49,274	12,087	7,179	156,800	75,500	19,900	75,500	5,975,200	3.0%													
Monroe County	5,286,800	2,100	5,284,700	39,635	13,056	12,833	10,569	41,475	15,504	6,606	139,700	1,800	(300)	1,800	5,426,200	2.6%													
Montcalm	3,966,700	9,500	3,957,200	29,679	32,706	10,896	7,914	23,434	17,338	4,947	126,900	1,900	(7,600)	1,900	4,086,000	3.0%													
Mott	17,823,200	31,500	17,791,700	133,438	35,584	34,934	35,584	98,199	16,872	22,240	376,900	5,800	(25,700)	5,800	18,174,400	2.0%													
Muskegon	10,223,600	12,700	10,210,900	76,582	22,872	20,496	31,987	63,775	19,885	12,764	248,400	21,300	8,600	21,300	10,480,600	2.5%													
North Central	4,011,000	142,200	3,868,800	29,016	19,245	9,440	19,323	33,284	16,317	4,836	131,500	162,500	20,300	162,500	4,162,800	3.8%													
Northwestern	10,650,300	177,000	10,473,300	78,550	23,257	19,619	32,783	62,171	14,687	13,092	244,200	196,800	19,800	196,800	10,914,300	2.5%													
Oakland	24,755,900	22,300	24,733,600	185,503	49,467	77,414	61,862	239,763	15,811	30,917	660,700	33,800	11,500	33,800	25,428,100	2.7%													
Schoolcraft	14,742,500	30,700	14,711,800	110,339	51,411	42,930	40,394	152,060	18,078	18,390	433,600	21,000	(9,700)	21,000	15,166,400	2.9%													
Southwestern	7,695,500	12,700	7,682,800	57,621	15,366	9,890	27,941	37,480	15,149	9,604	173,100	29,500	16,800	29,500	7,885,400	2.5%													
St. Clair County	8,226,400	16,000	8,210,400	61,578	19,618	26,500	28,340	59,931	13,149	10,263	219,400	24,100	8,100	24,100	8,453,900	2.8%													
Washtenaw	15,938,200	12,700	15,925,500	119,442	36,313	110,080	44,218	201,562	21,534	19,907	553,100	24,600	11,900	24,600	16,503,200	3.5%													
Wayne County	19,197,900	4,600	19,193,300	143,951	43,241	39,151	38,387	143,178	13,096	23,992	445,000	4,400	(200)	4,400	19,642,700	2.3%													
West Shore	2,865,600	14,400	2,851,200	21,384	15,981	5,951	5,702	16,337	6,987	3,564	75,900	12,000	(2,400)	12,000	2,939,100	2.6%													
Total	\$357,961,900	\$1,131,800	\$356,830,100	\$2,676,240	\$892,080	\$892,080	\$892,080	\$2,676,240	\$446,040	\$446,040	\$8,920,800	\$1,180,900	\$49,100	\$1,180,900	\$366,931,800	2.5%													

Requirement to receive performance funding for FY 2024-25:
1. Restrain FY 2024-25 in-district tuition/fee rate increase to 4.5% or \$217 (whichever is greater).

Data Notes	
Component	Years
Performance improvement	FYs 2020-2022
Performance completion number	FYs 2020-2022
Performance completion rate	FYs 2020-2022
Contact hours	FY 2023
Administrative	FYs 2022-2023