



## **Background Briefing**

# **COMMUNITY COLLEGES**

**Mark Wolf, Fiscal Analyst**

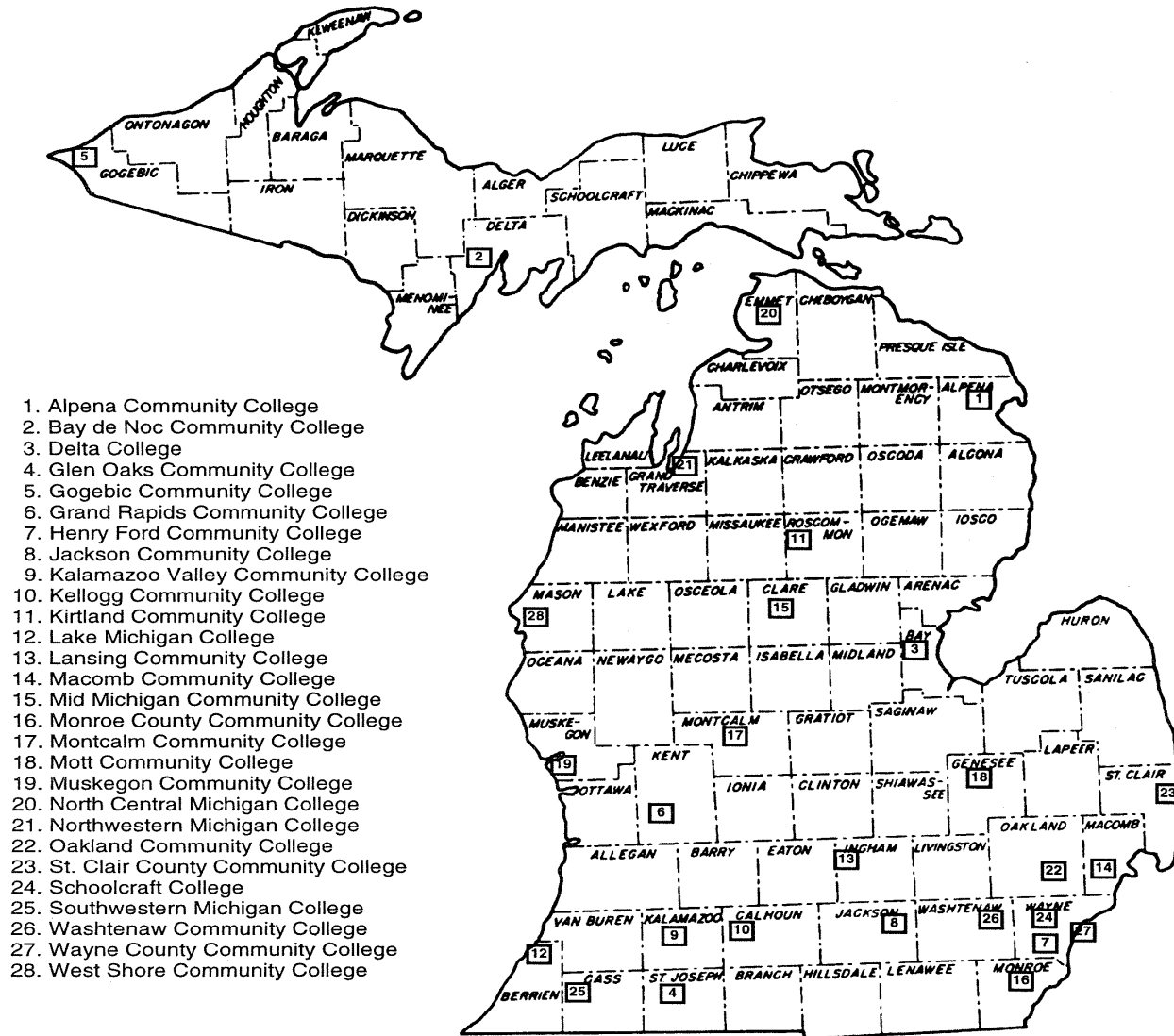
**January 2010**

**The fiscal information in this background briefing is based on data through January 1, 2010.**

# History

- **Grand Rapids Junior College, established in 1914, was the first publicly-supported, two-year college in Michigan.**
- **By 1964, there were 18 public community colleges in the state.**
- **Today, 28 community colleges are located across the state.**

# Michigan Public Community Colleges



# Enabling Legislation

- **Article VIII, Section 7 of the Michigan Constitution of 1963 provides for establishment of community colleges, to be supervised and controlled by locally-elected boards.**

**“The legislature shall provide by law for the establishment and financial support of public community and junior colleges which shall be supervised and controlled by locally elected boards.”**

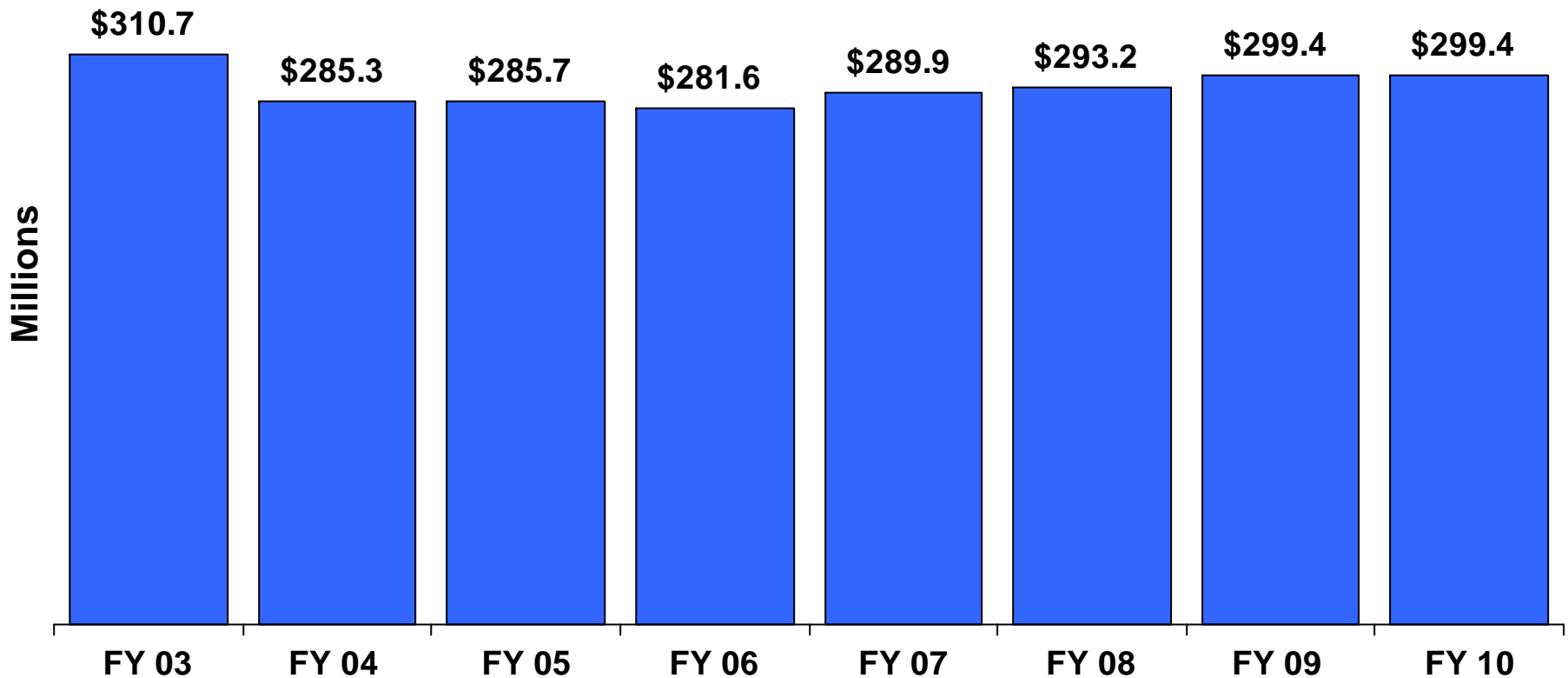
- **Public Act 331 of 1966 includes more specific provisions regarding:**
  - **Creation of college districts**
  - **Control and administration of such districts**
  - **Election of trustees**
  - **Authority to assess, levy, and collect local property taxes to fund community colleges**

# Background

- **The 28 community colleges**
  - **Have a total annual enrollment of about 450,000 students**
  - **Offer approximately 23,000 individual courses and 92,000 sections each year**
  
- **Average age of a community college student (nationally) is 29**
  
- **About 64% of students attend school on a part-time basis**
  
- **Programs offered include:**
  - **Traditional transfer**
  - **Basic skills**
  - **Technical training**
  - **Customized training/retraining for workers in high-skill fields**

# Community Colleges Appropriations

FY 2009-10 appropriations are \$11.3 million (3.6%) lower than FY 2002-03 appropriations.



Notes: FY 2006-07 figures include FY 2007-08 \$25.8 million delayed payment reimbursement, but do not include FY 2006-07 retirement savings reduction. FY 2007-08 figures do not include \$25.8 delayed payment reimbursement for reductions taken in FY 2006-07.

# **SOURCES OF FUNDING**

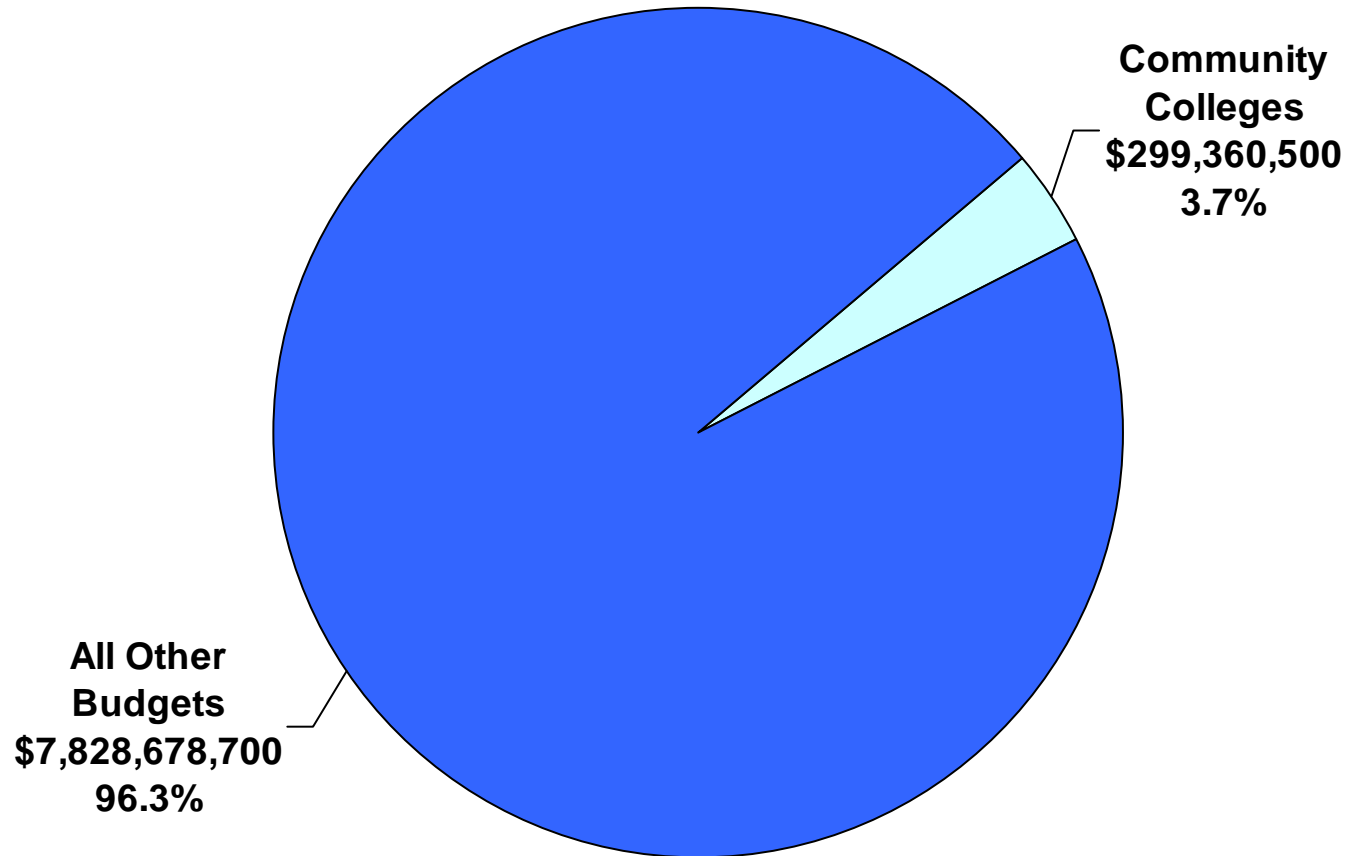
# Community Colleges State Aid Revenue Sources

- **FY 2009-10 Community Colleges budget totals \$299.4 million, reflecting no change from FY 2008-09 appropriated levels.**
- **100% of Community Colleges state funding is General Fund/General Purpose (GF/GP).**



# Community Colleges Share of State GF/GP

FY 2009-10 GF/GP Total = \$8,128,039,200



# Recovery Act

- **State Fiscal Stabilization Fund (SFSF)**
  - Provides Michigan with \$1.6 billion funding, split between education (81.8%) and general government services (18.2%).
  - No SFSF funds are appropriated for community colleges.
  - Imposes a maintenance of effort (MOE) requirement that apply to state funding levels of K-12 schools and higher education (universities and community colleges).
  - Higher Education MOE requirement provides that for state FYs 2009-2011 the state will maintain support for the higher education institutions at least at the FY 2006 level (excluding funding for capital projects and research, and tuition and fees paid by students, and state funding for financial aid).
  - MOE requirement limits the amount of potential reductions for higher education in FY 2011.
  - MOE requirement may be waived if the percentage of funds for K-12 education and higher education compared to total revenue is not less than the percentage of funds in the prior fiscal year.

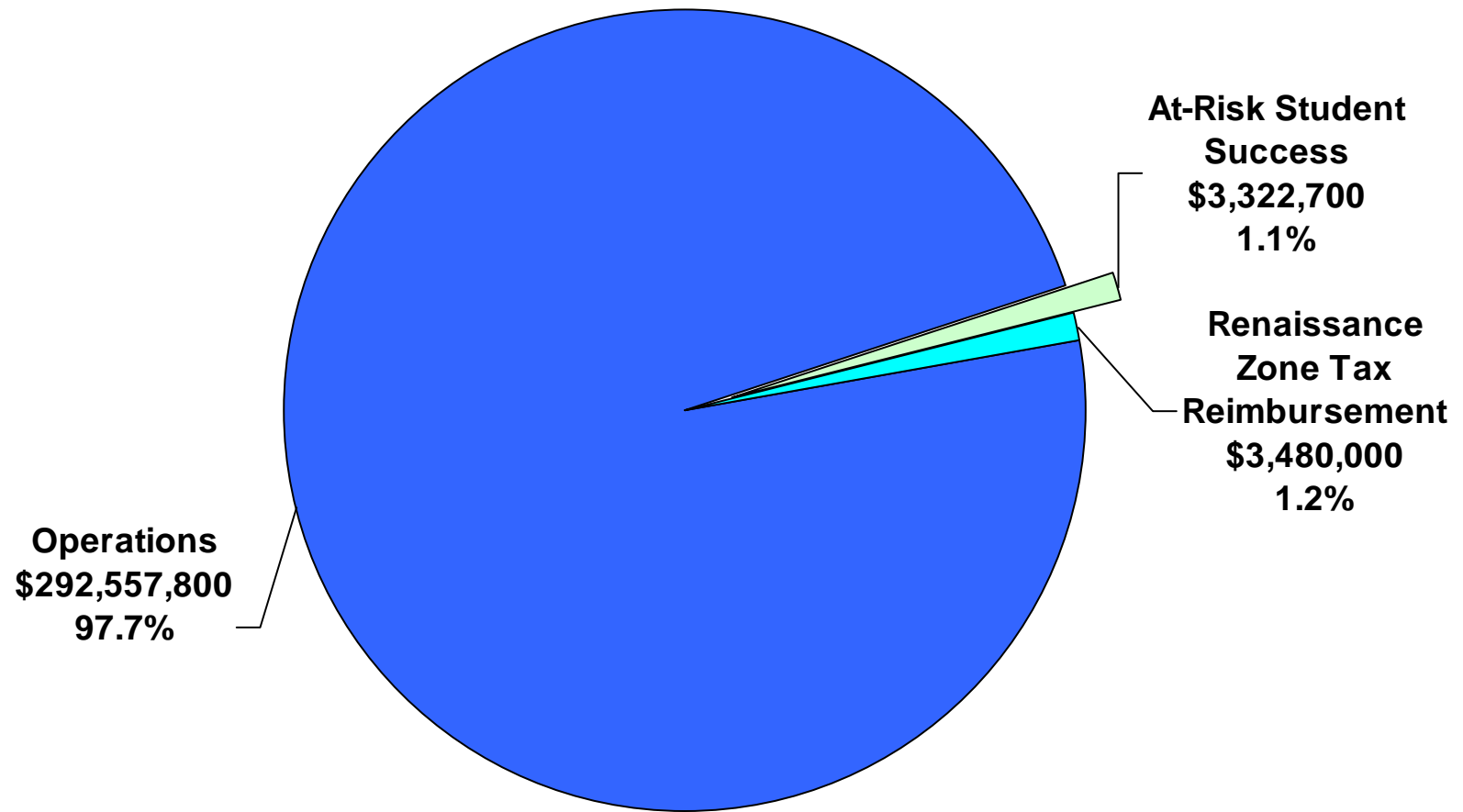
# **STATE SPENDING**

# Budget Description

- **The FY 2008-09 Community Colleges budget provides funding to colleges through grants for three purposes:**
  - **General operations**
  - **At-risk student success**
  - **Renaissance zone tax reimbursement**

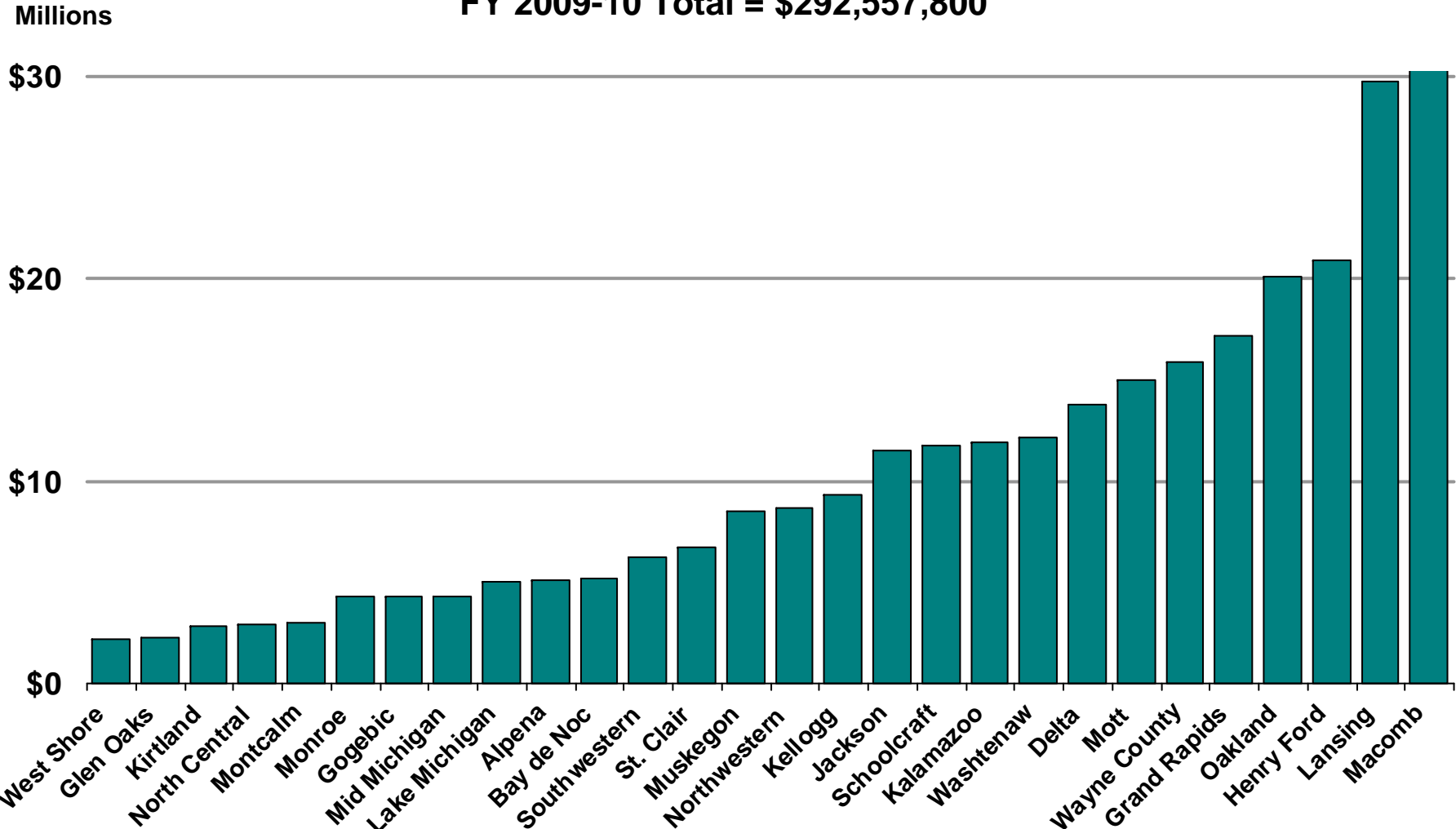
# Community Colleges Budget

FY 2009-10 Total = \$299,360,500



# Operations Grants

FY 2009-10 Total = \$292,557,800

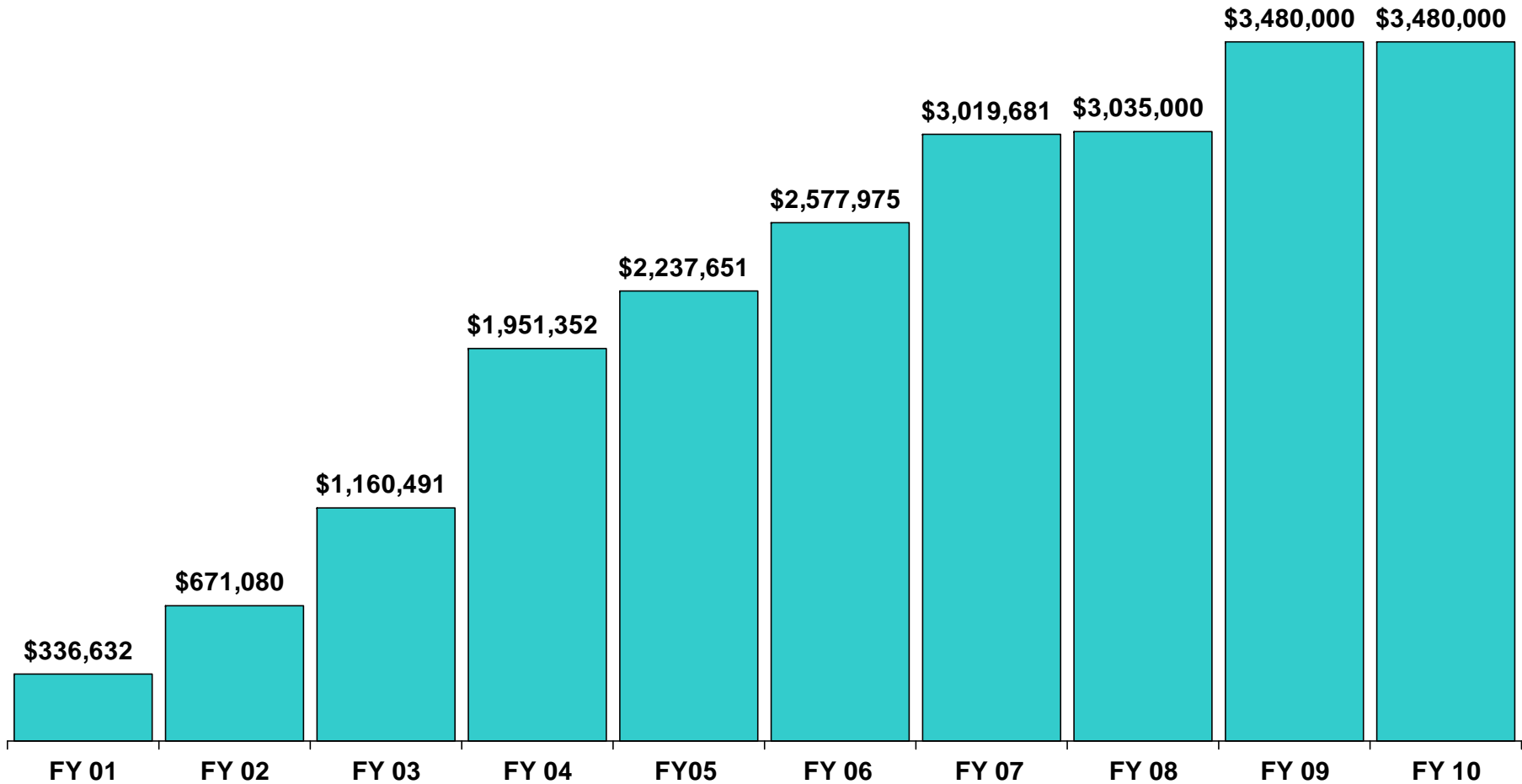


# At-Risk Student Success Program

- **\$3.3 million FY 2009-10 appropriation for At-Risk Student Success Program provides base grant of \$40,000 for each college.**
- **Remaining funds distributed based on each college's ratio of developmental/preparatory contact hours to total contact hours over the last three years.**
- **Funds used**
  - **To address needs of at-risk students, including pre-testing, counseling and other programs.**
  - **For equipment and technology upgrades (must be associated with programs for at-risk students).**
- **At Risk students are those placed in developmental courses, diagnosed as learning disabled, or requiring ESL assistance.**

# Renaissance Zone Tax Reimbursements to Community Colleges

Per state statute, reimbursements are paid to colleges with renaissance zones in taxing district.





# **MAJOR BUDGET ISSUES**

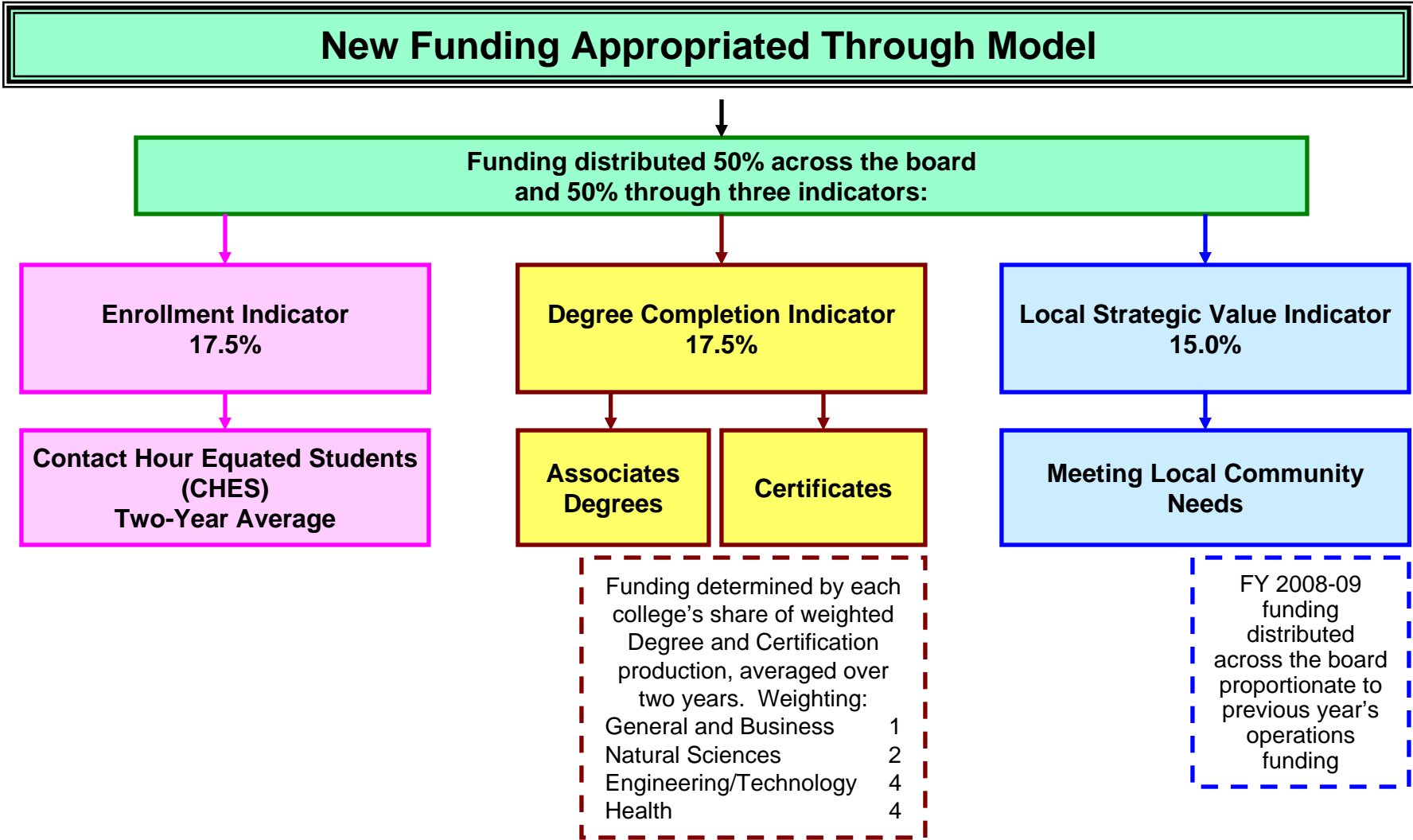
# Community Colleges Funding Increases

- From FY 1984-85 through FY 2005-06, Legislature used either the Gast-Mathieu formula, across-the-board methodology, or a combination of both to distribute funding increases.
- Eight-member Performance Indicator Task Force established October 2005 evaluated/reviewed performance indicators and recommended their use to compute state funding to community colleges.
- The Performance Indicator Task Force Report (February 2006) recommended a formula for funding increases.
- FY 2006-07, FY 2007-08, and FY 2008-09 operations increase distributed using Task Force formula performance indicators (with minor exceptions).
- FY 2009-10 appropriations for operations remained at the FY 2009 appropriated level.

# Performance Indicator Task Force

- **Recommended (beginning FY 2005-06) previous year's appropriations be the base for each college's funding.**
- **Recommended new appropriations be allocated**
  - **50% across-the-board.**
  - **50% funding based on three performance indicators.**
    - **Enrollment Indicator — total number of student contact hours averaged over two years.**
    - **Degree/Certification Completion — total number of degrees and certificates completed; awards weighted by subject area and averaged over two years.**
    - **Local Strategic Value — college meeting needs of the local community; FY 2006-07, FY 2007-08, and FY 2008-09 funding was distributed proportionately across the board.**
- **Recommended additional performance indicator measures for Legislature to consider regarding future appropriations.**

# Performance Indicators Task Force Funding Model



# Community College Funding Increase Distribution

<u>Fiscal Year</u>	<u>Distribution Method</u>
1986-87	GM Formula
1987-88	GM Formula
1988-89	Across-the-Board
1989-90	GM Formula
1990-91	GM Formula
1991-92	GM Formula
1992-93	Across-the-Board
1993-94	Across-the-Board
1994-95	Across-the-Board
1995-96	GM Formula
1996-97	GM Formula
1997-98	GM Formula and Across-the-Board
1998-99	GM Formula and Across-the-Board
1999-2000	GM Formula and Across-the-Board
2000-01	GM Formula and Across-the-Board
2001-02	GM Formula and Across-the-Board
2002-03	No Change in Appropriations
2003-04	Across-the-Board Reductions
2004-05	Flat Funding (with Tuition Restraint)
2005-06	Across-the-Board
2006-07	Task Force Formula
2007-08	Task Force Formula
2008-09	Task Force Formula
2009-10	No Change from FY 2008-09

*Note:*

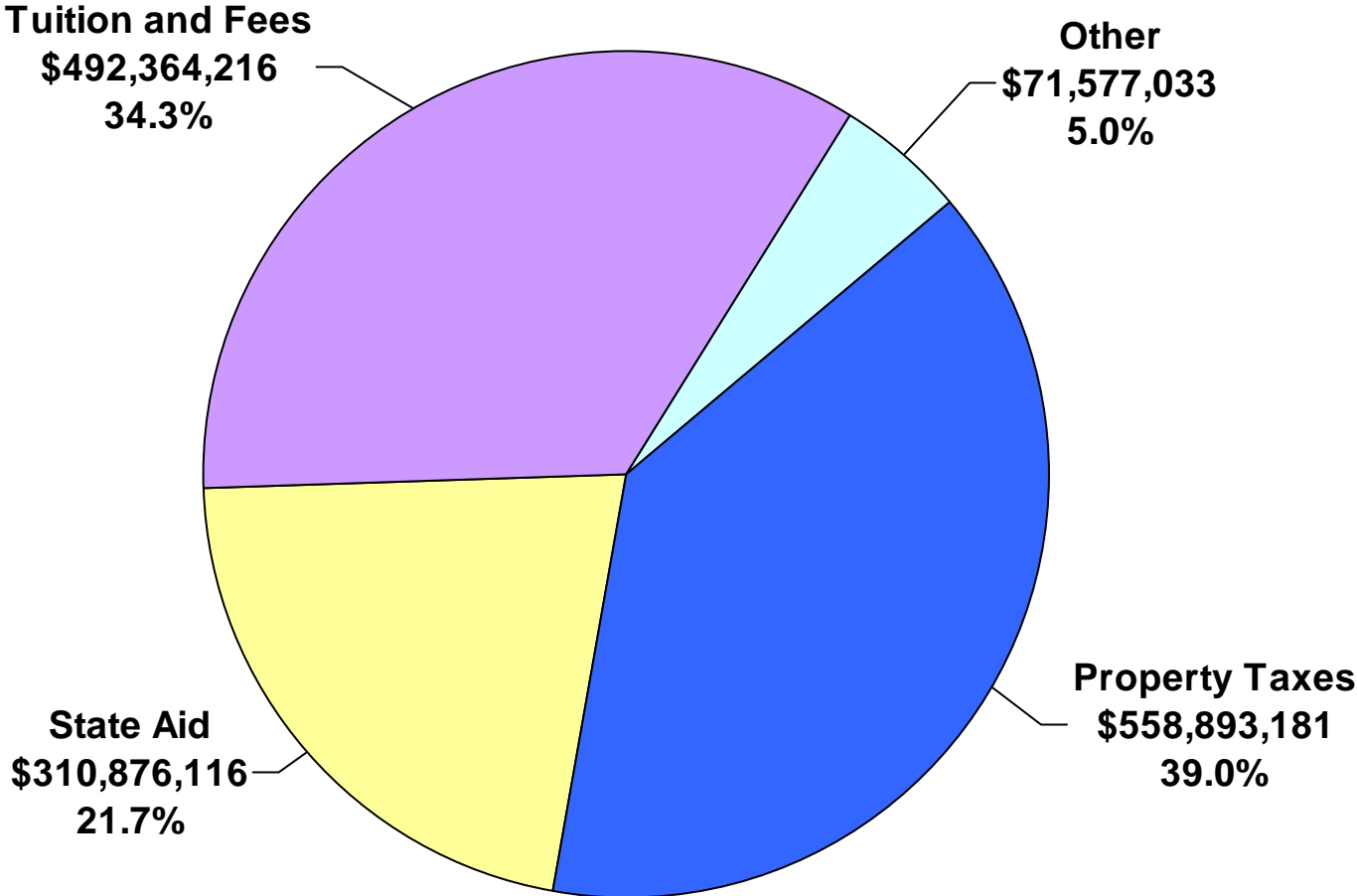
*GM Formula=Gast-Mathieu Funding Formula*

*Distribution method noted is for enacted budget; subsequent adjustments in a fiscal year may have altered or negated enacted changes.*

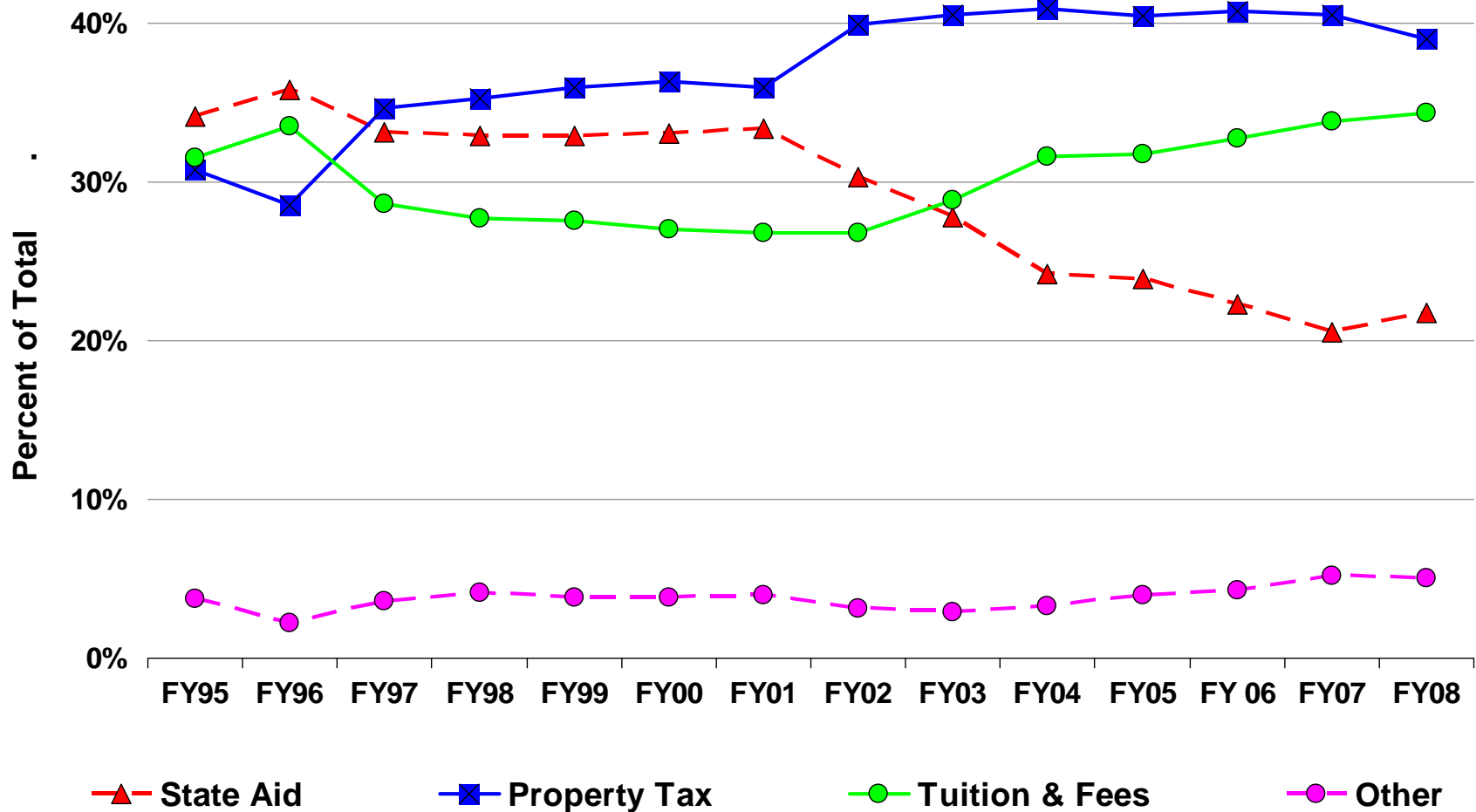
# **COMMUNITY COLLEGE DATA**

# Community College Operating Fund Revenue

FY 2007-08 Total = \$1,433,710,546



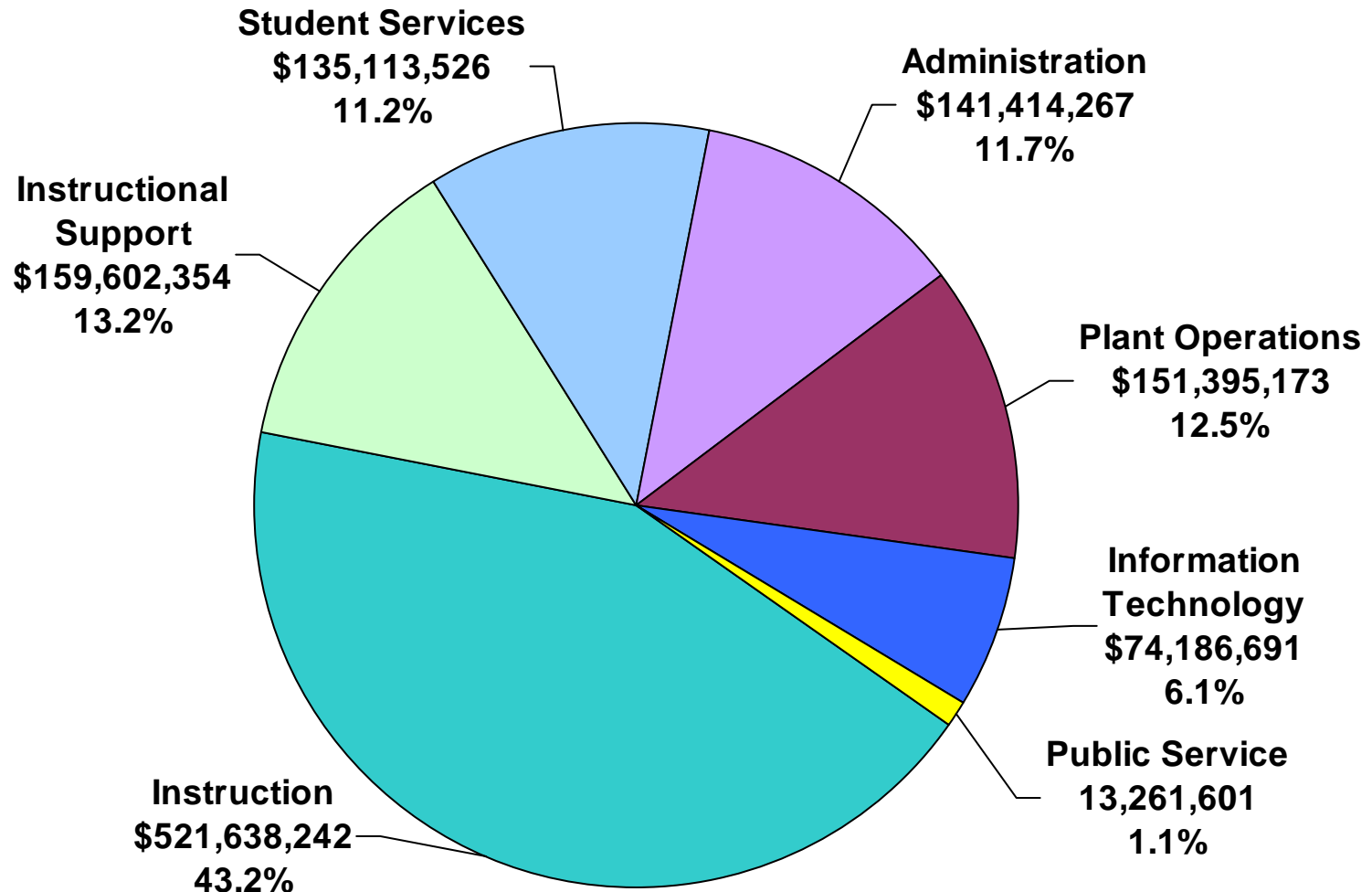
# Community College Operating Fund Revenue Source History





# Community College Operating Fund Expenditures

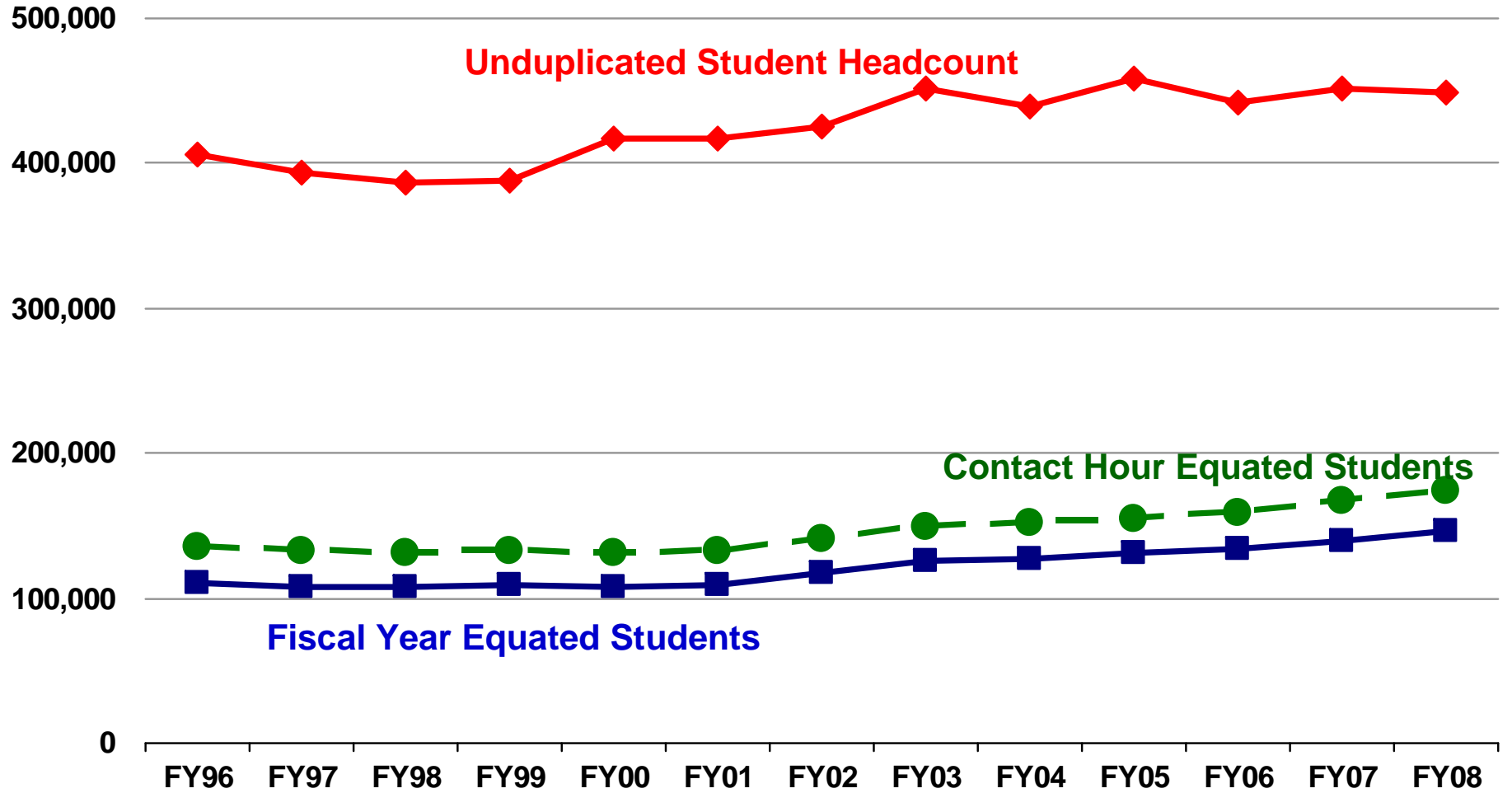
FY 2007-08 Total = \$1,207,468,898



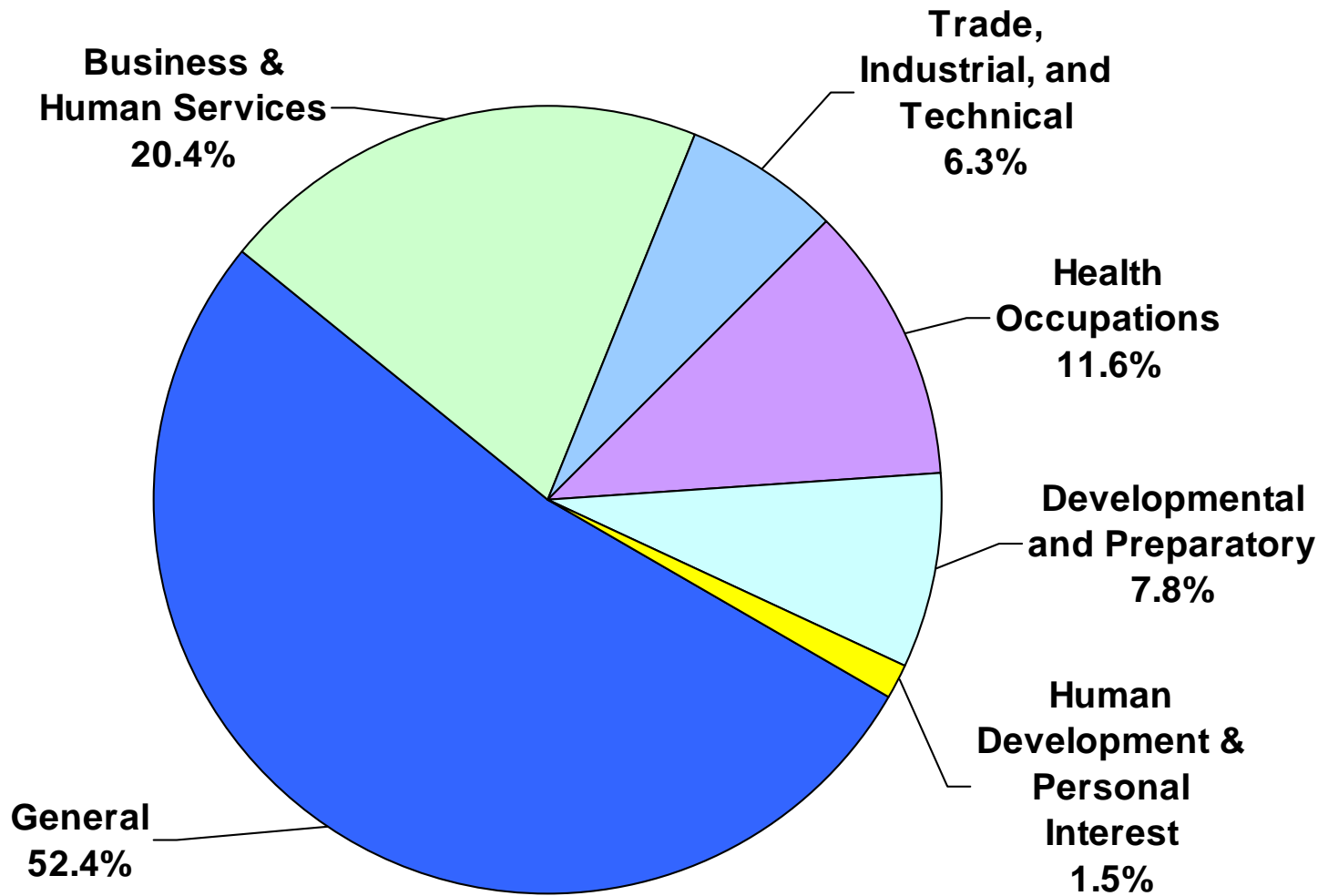
# Enrollment Definitions

- **Unduplicated Student Headcount:** total number of students enrolled in at least one course.
- **Fiscal Year Equated Student (FYES):** calculated equivalent of one full year of instruction, defined as 31 semester credit hours.
- **Contact Hour Equated Students (CHES):** calculated equivalent of one full year of instruction, defined as 496 hours of instruction.

# Enrollment History

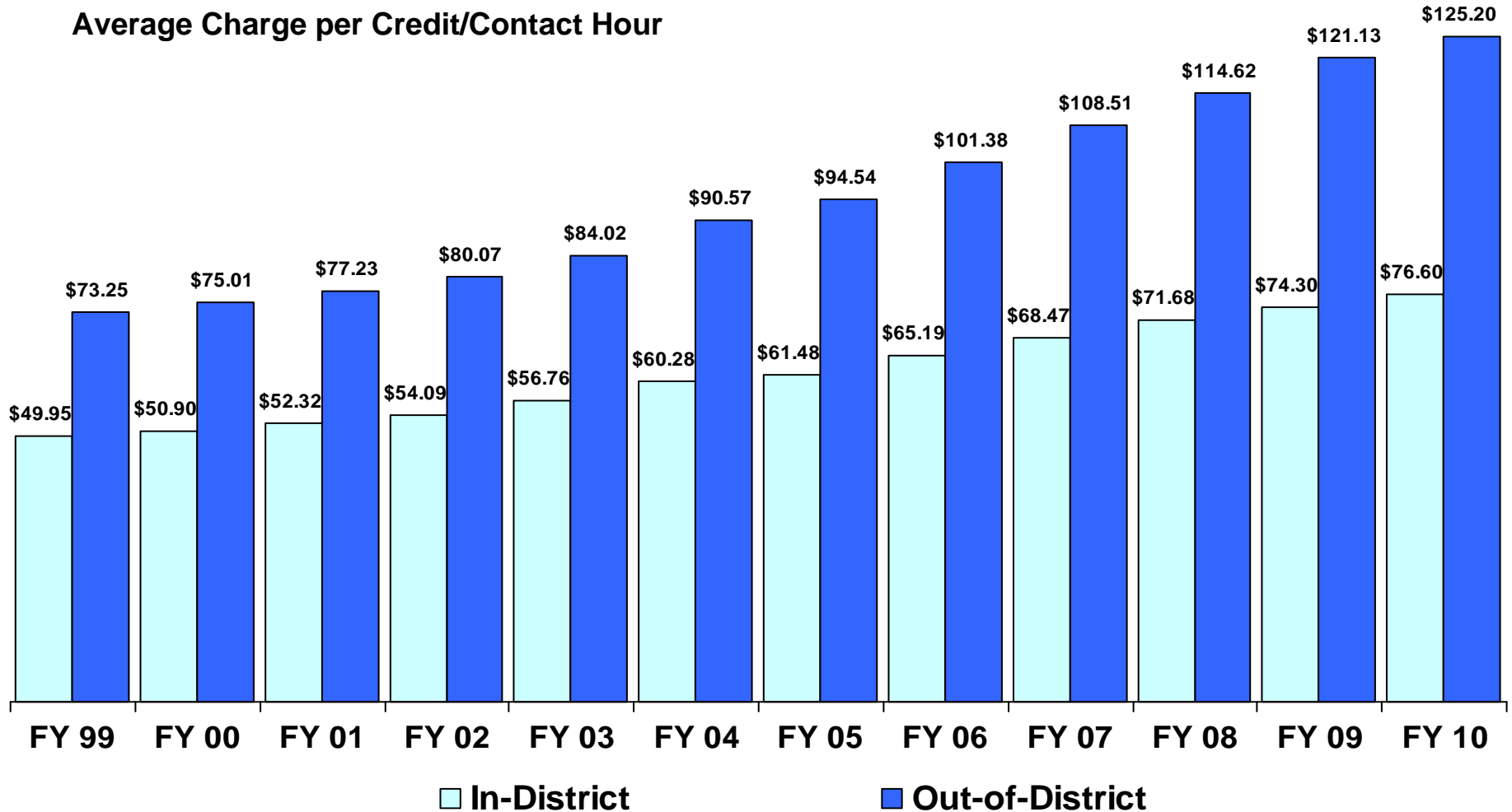


# FY 2007-08 Distribution of Students (CHES) by Instructional Area



# Tuition Rate History

Average Charge per Credit/Contact Hour

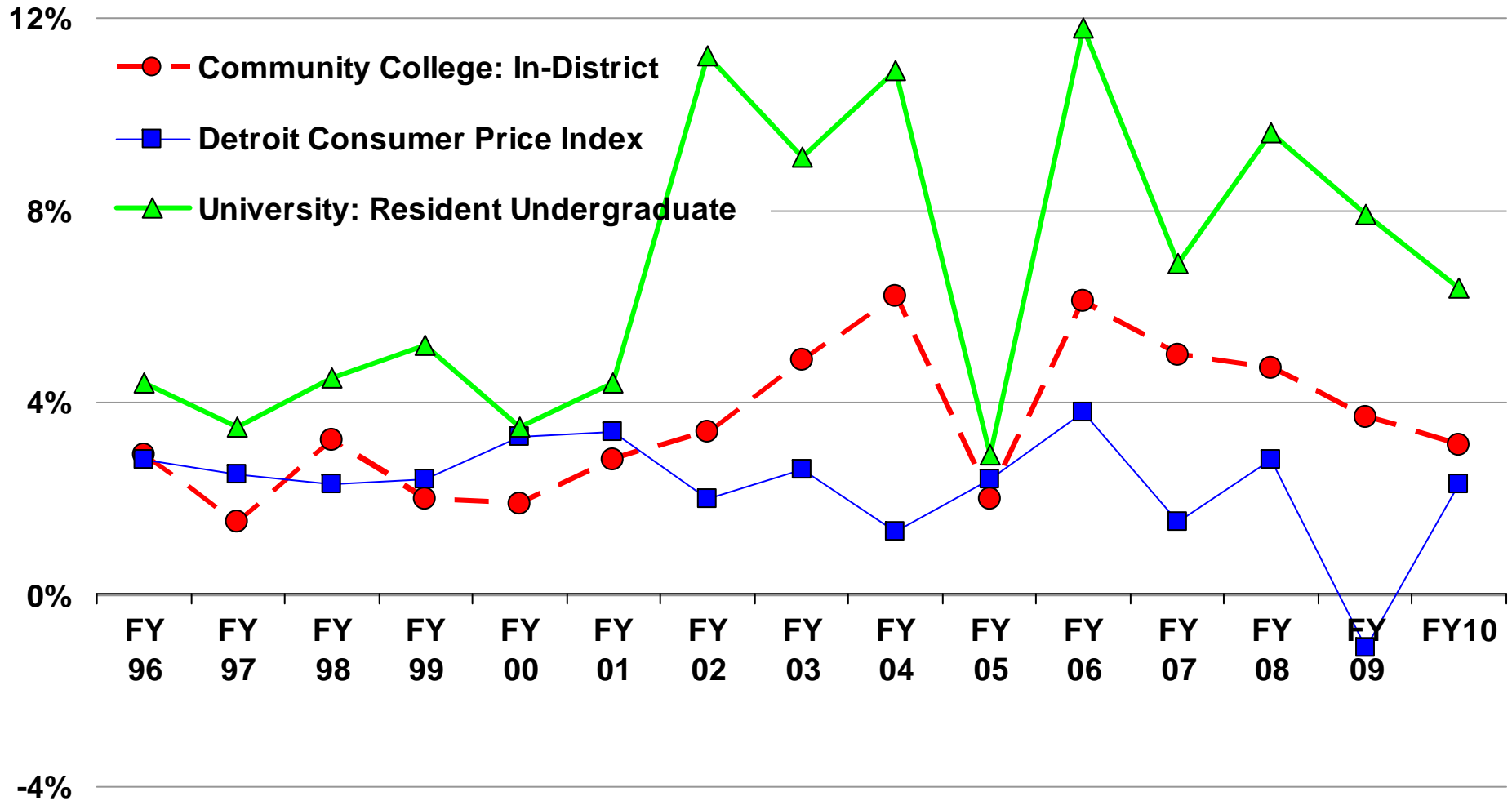


# Average Tuition/Fee Costs

<u>Education Level</u>	<u>FY 2008-09 Average Tuition/Fee Costs</u>
State University: Resident Undergraduate	\$9,311
Community College: In-District	\$2,657

*Note: Costs based on 30 semester credit hours; assumes no excess contact hours*

# Increase in Average Tuition Rates



**For more information about the  
Community Colleges budget, contact:**

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