

FISCAL BRIEF

FY 2024-25 COMMUNITY COLLEGE PERFORMANCE FUNDING FORMULA, BEST PRACTICES CERTIFICATION, AND TUITION AND FEE RESTRAINT

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FAST FACTS

- A performance formula typically determines the annual funding increase for community colleges.
- Performance formula funding is added to a community college’s base, which is the amount received in the prior fiscal year.
- Community colleges must comply with a requirement to receive performance funding that restricts tuition and fee increases to the greater of 4.5% or \$217 for FY 2024-25.
- FY 2024-25 allocates \$5.4 million of ongoing and \$3.6 million of one-time performance funding to community colleges.

INTRODUCTION

The state appropriation for a community college’s yearly operations funding typically includes three components: the base, the performance funding increase, and the North American Indian Tuition Waiver (ITW) funding. The base amount is the community college’s appropriation from the prior fiscal year, less ITW funding. Performance funding is the increased operations funding amount added to the base for the new fiscal year that is determined through a performance funding formula. Indian Tuition Waiver funding is the amount of funding appropriated to cover a community college’s ITW cost from the most recently reported fiscal year data, which typically has a lag of two fiscal years.

The FY 2024-25 Community Colleges budget, 2024 PA 120, appropriates \$5.4 million in ongoing performance funding, a 1.5% increase, and \$3.6 million in one-time funding, a 1.0% increase. The FY 2024-25 budget continues to tie the performance funding increase to tuition and fee restraint requirements, mirroring the tuition and fee restraint requirement for public universities. However, community colleges must also certify to complying with a best practice policy that involves compliance with transfer policies and at least one other best practice.

COMMUNITY COLLEGE PERFORMANCE FORMULA

Performance funding for community colleges is typically allocated according to a formula based on the following criteria:

- 30% for sustainability. Funding is distributed proportionally to each community college’s share of base operations funding in the prior fiscal year.
- 30% based on contact hours. Contact hours are a measure of instruction time and are a different measurement than credit hours. Funding is distributed based on the number of contact hours per college compared to total contact hours for all 28 community colleges. Contact hours in health, technology and industrial programs receive a 2x weight to account for higher instruction costs.
- 10% based on performance completion improvement. Completions are defined as a student who is awarded an associate degree or certificate or who transfers to a four-year institution. 20% of this category is distributed to colleges that demonstrate an improvement in completions over a six-year period. The remaining 80% of the category is distributed proportionally.

- 10% based on performance completion number. Funding is awarded based on the number of completions over a three-year period relative to the overall number of completions statewide over the same period.
- 10% based on performance completion rate. Funding is awarded based on the six-year completion rates of three student cohorts. The FY 2024-25 formula compares the 2014, 2015 and 2016 cohorts. 20% of the funding in this category is distributed to community colleges above the statewide completion rate three-cohort average, while the remaining 80% is distributed proportionally to all community colleges.
- 5% based on administrative costs. Community colleges with lower reported administrative costs receive a higher portion of funding in this category.
- 5% based on local strategic value. Funding is distributed on a proportional basis to each community college. Colleges must meet at least four out of five practices within three criteria categories to receive funding: economic development and business/industry partnerships, educational partnerships, and community services.¹

Data used to determine various performance formula categories is derived from three sources:

- Performance completion improvement and completion rate categories are collected from the Community College Success Rates Report from the Center for Educational Performance and Information (CEPI).
- The performance completion number category uses student cohort information from the federal Integrated Postsecondary Education Data System (IPEDS).
- Contact hours and administrative cost data is gathered from the latest Michigan Community College Data Inventory (MCCDI) report, provided by CEPI.

The current performance formula has been mostly unchanged since its use in the FY 2016-17 budget. A modified version of the formula was used for FY 2019-20, which reduced the contact hours category from 30% to 25% and added 5% for a new category for community colleges with the lowest taxable values as reported to MCCDI to help address funding disparities for colleges with a lower tax base within their district. Prior versions of a performance funding formula have been used for community college operations increases starting with the FY 2006-07 budget.²

Both FY 2024-25 ongoing and one-time performance funding appropriations were determined through use of the performance formula. Unlike ongoing performance funding increases, one-time increases are not added to base operations funding in the following fiscal year. However, the Legislature could decide to roll both the ongoing and one-time operations increases into the base for the FY 2025-26 budget. FY 2021-22 was the most recent Community Colleges budget that allocated a one-time operations increase to community colleges.

PERFORMANCE FUNDING AND TUITION AND FEE RESTRAINT

While a performance funding formula for community colleges has been in use for more than a decade, the FY 2024-25 Community Colleges budget continues to subject the receipt of performance funding to tuition and fee restraint conditions, first implemented during the FY 2022-23 budget. As a comparison, public universities, which use an operations funding model similar to community colleges, have had tuition and fee restraint language in place since the FY 2011-12 budget.

To receive both ongoing and one-time performance funding, community colleges must restrain FY 2024-25 in-district student tuition and mandatory fee increases to 4.5% or \$217, whichever is greater, compared to FY 2023-24.

¹ More information about local strategic value practices can be found here: <http://legislature.mi.gov/doc.aspx?mcl-388-1830>

² More information about prior versions of the community college performance formula can be found here: https://www.house.mi.gov/hfa/PDF/CommunityColleges/CColleges_Performance_Indicators_Formula_Memo.pdf

NEW COMMUNITY COLLEGES BEST PRACTICES REQUIREMENTS

In addition to tuition and fee restraint, community colleges must also follow at least two best practices listed in section 216e ([MCL 388.1816e](#)) to obtain both ongoing and one-time operations increases. All community colleges must certify to best practices around transfers by doing all of the following:

- Having a policy to help transfer or accept associate degrees from other accredited Michigan postsecondary institutions.
- Publishing the transfer policy on their website and in admissions materials.
- Providing publicly available information on the Michigan Transfer Network, transfer pathways, and financial aid that is available to transfer students.
- Beginning negotiations to increase the number of reverse transfer agreements or articulation agreements and submitting a report on the progress towards that increase by the last business day of February 2025.

Community colleges must also follow at least one of the following best practices:

- Require all students to receive an academic degree or certificate map that assists students to graduate on time.
- Provide development or remedial courses at a reduced cost to students.
- Provide each student with an academic advisor and requiring students to meet with that advisor at least once a semester or term.
- Provide employees during business hours to assist prospective and current students to complete the Free Application for Federal Student Aid (FAFSA).

TUITION RESTRAINT AND BEST PRACTICES CERTIFICATION

Community colleges are required to certify compliance with the performance funding conditions by the last business day of August, and under the terms of the budget act, the state budget director has the sole authority to determine if a community college has complied with the tuition restraint conditions.

For FY 2024-25, all 28 community colleges have submitted their certifications to the state budget director. In a letter dated September 25, 2024, the state budget director confirmed compliance with performance funding conditions for all 28 institutions.

Attachment 1 shows community college in-district tuition and fee rates for FY 2024-25. Community college tuition and fee rates are computed as unweighted averages; rates for full-time in-district enrollment in FY 2024-25 range from \$3,420 at Washtenaw Community College to \$7,350 at Jackson College. The overall average tuition rate is \$4,966, up from \$4,821 in FY 2023-24. Percentage changes range from no changes at Washtenaw Community College and Wayne County Community College to a 4.8% increase at Monroe County Community College. The unweighted average increase for all 28 community colleges is 3.0%. Dollar changes range from no changes at Washtenaw Community College and Wayne County Community College to \$315 at Jackson College. The unweighted dollar average increase for all 28 community colleges is \$144.54.

Attachment 2 shows operations funding allocated for each community college. Community colleges received an ongoing performance funding increase of 1.5%, or \$5.4 million, and a one-time performance funding increase of 1.0%, or \$3.6 million for FY 2024-25. When ITW funding adjustments are factored in, the overall increase is 2.5%, or \$9.0 million. Overall funding increases range from 2.0% at C.S. Mott Community College to 3.8% at North Central Michigan College.

Attachment 3 shows certification of the best practices by each institution. All community colleges certified to following the transfer best practices and listed how many reverse transfer and how many articulation agreements have been entered to by each university. In addition, all community colleges certified to following the best practice of providing employees during business hours to assist with FAFSA completion. Delta College, Gogebic Community College, Henry Ford College, C.S. Mott Community College, Schoolcraft College and Wayne County Community College certified to following all 5 best practices.

ATTACHMENT 1

Michigan Community Colleges FY 2024-25 In-District Tuition and Fee Rates

		FY 2024-25 Tuition	Contact/Credit Hour Fees	Per Semester Fees	Total Tuition & Fees Per Contact/Credit Hour	Total Annual Tuition & Fees	Total Increase From FY 2023-24	Total Increase % From FY 2023-24	Fees as a % of Total Per C/C Hour
Alpena	In-district	\$154.00	\$19.00	\$30.00	\$175.00	\$5,250.00	\$120.00	2.3%	12%
Bay de Noc	In-district	155.00	49.00	0.00	204.00	6,120.00	210.00	3.6%	24%
Delta	In-district	133.00	25.00	40.00	160.67	4,820.00	180.00	3.9%	17%
Glen Oaks	In-district	135.00	39.00	0.00	174.00	5,220.00	60.00	1.2%	22%
Gogebic	In-district	144.00	12.00	60.00	160.00	4,800.00	180.00	3.9%	10%
Grand Rapids	In-district	124.00	5.50	147.00	139.30	4,179.00	120.00	3.0%	11%
Henry Ford	In-district	115.50	24.00	110.00	146.83	4,405.00	135.00	3.2%	21%
Jackson	In-district	193.00	52.00	0.00	245.00	7,350.00	315.00	4.5%	21%
Kalamazoo Valley	In-district	127.00	0.00	167.00	138.13	4,144.00	98.00	2.4%	8%
Kellogg	In-district	133.50	27.00	0.00	160.50	4,815.00	67.50	1.4%	17%
Kirtland	In-district	143.00	30.00	0.00	173.00	5,190.00	210.00	4.2%	17%
Lake Michigan	In-district	181.50	0.00	0.00	181.50	5,445.00	180.00	3.4%	0%
Lansing	In-district	120.00	15.00	25.00	136.67	4,100.00	90.00	2.2%	12%
Macomb	In-district	113.00	5.00	132.00	126.80	3,804.00	68.00	1.8%	11%
Mid-Michigan	In-district	155.00	36.50	50.00	194.83	5,845.00	210.00	3.7%	20%
Monroe County	In-district	129.52	27.25	40.00	159.44	4,783.10	216.90	4.8%	19%
Montcalm	In-district	121.00	43.00	0.00	164.00	4,920.00	60.00	1.2%	26%
Mott	In-district	156.25	20.86	156.25	187.53	5,625.80	169.30	3.1%	17%
Muskegon	In-district	135.00	44.50	35.00	181.83	5,455.00	195.00	3.7%	26%
North Central	In-district	148.00	33.00	0.00	181.00	5,430.00	210.00	4.0%	18%
Northwestern	In-district	126.00	34.00	40.00	162.67	4,880.00	150.00	3.2%	23%
Oakland	In-district	111.00	0.00	110.00	118.33	3,550.00	120.00	3.5%	6%
Schoolcraft	In-district	139.00	29.00	56.00	171.73	5,152.00	120.00	2.4%	19%
Southwestern	In-district	144.75	62.25	0.00	207.00	6,210.00	262.50	4.4%	30%
St. Clair County	In-district	153.00	40.00	0.00	193.00	5,790.00	150.00	2.7%	21%
Washtenaw	In-district	99.00	15.00	0.00	114.00	3,420.00	0.00	0.0%	13%
Wayne County	In-district	112.00	13.50	50.00	128.83	3,865.00	0.00	0.0%	13%
West Shore	In-district	125.00	24.00	0.00	149.00	4,470.00	150.00	3.5%	16%
State Average	In-district	\$136.64	\$25.91	\$44.58	\$165.52	\$4,965.64	\$144.54	3.0%	17%

Notes:

- 1) The majority of community colleges charge tuition based on a contact hour basis. 6 colleges (Gogebic, Henry Ford, Kellogg, Schoolcraft, Washtenaw, and Wayne County) charge based on a credit hour basis. Lansing, Macomb, and Monroe County charge based on a billable hour.
- 2) Macomb and Schoolcraft charge per class fees, which are classified here under annual fees for reporting purposes.
- 3) Total Tuition & Fees column is calculated by adding tuition, contact/credit hour fees, and 1/15 of semester fees.
- 4) Annual total is calculated based on 30 contact/credit hours per year.

ATTACHMENT 2
FY 2024-25 Community Colleges Operations Appropriations – Enacted Summary

% 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 Ongoing Formula Distribution	Total One-Time 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	\$28,353	\$23,214	\$6,383	\$14,650	\$14,779	\$10,559	\$4,725	\$102,700	\$68,400	\$21,800	(4,700)	\$21,800	\$6,493,500	2.6%
Bay de Noc	6,299,200	113,900	6,185,300	27,834	25,535	5,953	14,813	19,000	14,939	4,639	112,700	75,100	100,000	(13,900)	100,000	6,473,100	2.8%
Delta	16,690,500	48,200	16,642,300	74,891	21,961	24,801	19,971	72,626	13,395	12,482	240,100	160,100	24,800	(23,400)	24,800	17,067,300	2.3%
Glen Oaks	2,939,000	0	2,939,000	13,226	3,527	3,885	10,496	11,593	0	2,204	45,100	30,100	1,800	1,800	1,800	3,016,000	2.6%
Gogebic	5,367,600	37,900	5,329,700	23,984	6,396	3,538	14,450	10,605	6,295	3,997	69,300	46,200	48,400	10,500	48,400	5,493,600	2.3%
Grand Rapids	20,966,400	122,000	20,844,400	93,801	33,235	31,916	25,014	128,194	11,970	15,633	339,800	226,500	111,100	(10,900)	111,100	21,521,800	2.6%
Henry Ford	24,943,900	14,100	24,929,800	112,185	29,916	47,078	29,916	122,304	10,808	18,698	370,900	247,300	6,400	(7,700)	6,400	25,554,400	2.4%
Jackson	13,887,400	33,300	13,854,100	62,344	18,479	13,865	16,625	48,433	8,394	10,391	178,500	119,000	42,300	9,000	42,300	14,193,900	2.2%
Kalamazoo Valley	14,539,400	57,500	14,481,900	65,169	17,378	19,837	24,084	72,014	13,135	10,862	222,500	148,300	37,200	(20,300)	37,200	14,889,900	2.4%
Kellogg	11,290,200	21,000	11,269,200	50,712	13,523	16,305	13,523	42,303	12,687	8,452	157,500	105,000	35,400	14,400	35,400	11,567,100	2.5%
Kirtland	3,792,900	19,800	3,773,100	16,979	4,528	5,870	4,528	15,964	11,313	2,830	62,000	41,300	25,800	6,000	25,800	3,902,200	2.9%
Lake Michigan	6,321,600	3,600	6,318,000	28,431	8,532	7,488	7,582	28,823	4,589	4,739	90,200	60,100	6,000	2,400	6,000	6,474,300	2.4%
Lansing	35,752,700	63,500	35,689,200	160,603	44,269	43,809	49,746	110,026	10,025	26,767	445,200	296,800	81,200	17,700	81,200	36,512,400	2.1%
Macomb	37,661,900	26,500	37,635,400	169,361	45,163	44,965	51,957	175,929	9,619	28,227	525,200	350,100	23,700	(2,800)	23,700	38,534,400	2.3%
Mid Michigan	5,798,500	55,600	5,742,900	25,843	12,723	7,475	6,892	29,565	7,252	4,307	94,100	62,700	75,500	19,900	75,500	5,975,200	3.0%
Monroe County	5,286,800	2,100	5,284,700	23,781	7,834	7,700	6,342	24,885	9,302	3,964	83,800	55,900	1,800	(300)	1,800	5,426,200	2.6%
Montcalm	3,966,700	9,500	3,957,200	17,808	19,624	6,537	4,749	14,061	10,403	2,968	76,100	50,800	1,900	(7,600)	1,900	4,086,000	3.0%
Mott	17,823,200	31,500	17,791,700	80,063	21,350	20,961	21,350	58,920	10,123	13,344	226,100	150,700	5,800	(25,700)	5,800	18,174,300	2.0%
Muskegon	10,223,600	12,700	10,210,900	45,949	13,723	12,298	19,192	38,265	11,931	7,658	149,000	99,300	21,300	8,600	21,300	10,480,500	2.5%
North Central	4,011,000	142,200	3,868,800	17,410	11,547	5,664	11,594	19,970	9,790	2,902	78,900	52,600	162,500	20,300	162,500	4,162,800	3.8%
Northwestern	10,650,300	177,000	10,473,300	47,130	13,955	11,771	19,670	37,302	8,812	7,855	146,500	97,700	196,800	19,800	196,800	10,914,300	2.5%
Oakland	24,755,900	22,300	24,733,600	111,302	29,681	46,449	37,117	143,859	9,486	18,550	396,400	264,300	33,800	11,500	33,800	25,428,100	2.7%
Schoolcraft	14,742,500	30,700	14,711,800	66,204	30,847	25,758	24,236	91,237	10,847	11,034	260,200	173,400	21,000	(9,700)	21,000	15,166,400	2.9%
Southwestern	7,695,500	12,700	7,682,800	34,573	9,219	5,934	16,764	22,488	9,090	5,762	103,800	69,200	29,500	16,800	29,500	7,885,300	2.5%
St. Clair County	8,226,400	16,000	8,210,400	36,947	11,771	15,900	17,004	35,958	7,890	6,158	131,600	87,800	24,100	8,100	24,100	8,453,900	2.8%
Washtenaw	15,938,200	12,700	15,925,500	71,665	21,788	66,048	26,531	120,938	12,920	11,944	331,800	221,200	24,600	11,900	24,600	16,503,100	3.5%
Wayne County	19,197,900	4,600	19,193,300	86,371	25,944	23,491	23,032	85,907	7,858	14,395	267,000	178,000	4,400	(200)	4,400	19,642,700	2.3%
West Shore	2,865,600	14,400	2,851,200	12,831	9,589	3,571	3,421	9,802	4,192	2,138	45,500	30,400	12,000	(2,400)	12,000	2,939,100	2.6%
Total	\$357,961,900	\$1,131,800	\$356,830,100	\$1,605,750	\$535,250	\$535,250	\$535,250	\$1,605,750	\$267,625	\$267,625	\$5,352,500	\$3,568,300	\$1,180,900	\$49,100	\$1,180,900	\$366,931,800	2.5%

Requirements to receive ongoing and one-time 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).
- 2) Certify to following the Institutional Best Practice on transfers and at least one additional Institutional Best Practice.

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

ATTACHMENT 3

FY 2024-25 Best Practices Certification for Community Colleges

Community College	Must Certify to Transfer Best Practice			Must Certify to At Least One Additional Best Practice			
	Abides by Transfer Policies Listed in Sec. 241e(1)(c)	# of Reverse Transfer Agreements	# of Articulation Agreements	Provide an Academic Degree or Certificate Course Map	Provide Developmental or Remedial Courses at Reduced Cost	Require Students to Meet With Academic Advisor Once a Semester/Term	Provide Employees During Business Hours for FAFSA Assistance
Alpena	●	7	13	○			○
Bay de Noc	●	0	35				○
Delta	●	14	97	○	○	○	○
Glen Oaks	●	1	17	○		○	○
Gogebic	●	2	9	○	○	○	○
Grand Rapids	●	8	34				○
Henry Ford	●	11	407	○	○	○	○
Jackson	●	6	45	○		○	○
Kalamazoo Valley	●	15	93	○	○		○
Kellogg	●	5	56	○		○	○
Kirtland	●	8	22	○		○	○
Lake Michigan	●	9	15	○		○	○
Lansing	●	7	38	○	○		○
Macomb	●	13	95	○			○
Mid Michigan	●	5	42				○
Monroe County	●	3	24	○	○		○
Montcalm	●	6	112				○
Mott	●	4	98	○	○	○	○
Muskegon	●	3	4				○
North Central	●	10	15	○		○	○
Northwestern	●	11	115	○			○
Oakland	●	11	70	○	○		○
Schoolcraft	●	6	71	○	○	○	○
Southwestern	●	3	8	○			○
St. Clair County	●	9	26	○	○		○
Washtenaw	●	9	79		○		○
Wayne County	●	5	61	○	○	○	○
West Shore	●	4	12	○			○
TOTAL/AVERAGE	28	7	61	22	12	12	28