

**Summary: Executive Budget Recommendation
for Fiscal Year 2025-26
COMMUNITY COLLEGES**



Analyst: Perry Zielak

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	461,720,800	496,689,600	34,968,800	7.6
GF/GP	500,000	0	(500,000)	(100.0)
Gross	\$462,220,800	\$496,689,600	\$34,468,800	7.5

Note: Appropriation figures for all years 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 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Community College Operations Increase	Gross	\$366,931,800	\$11,268,800
Includes a net increase of \$11.3 million School Aid Fund (SAF) for community college operations, a 3.1% increase when compared to FY 2024-25 ongoing plus one-time operations appropriations. This includes:	Restricted	366,931,800	11,268,800
<ul style="list-style-type: none"> \$14.6 million SAF, or 4.0%, increase to operations grants for community colleges when compared to FY 2024-25 ongoing operations, which would be distributed through the performance funding formula. Removal of \$3.6 million SAF one-time operations funding. \$207,100 SAF increase based on FY 2023-24 North American Indian Tuition Waiver (ITW) program costs reported by institutions. 	GF/GP	\$0	\$0
Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 4.5% or \$227 (set at 4.5% or \$217 in the current year). Projected funding increases for individual community colleges would range from 2.4% to 4.5%. Total funding for operations would be \$378.2 million SAF.			
2. Michigan Public School Employee Retirement System (MPERS) State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment	Gross	\$62,100,000	\$27,400,000
Increases funding by \$27.4 million SAF for the state's share of community colleges' MPERS UAAL, a 44.1% increase. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 15.21% of payroll set by the Public School Employees Retirement Act (MCL 38.1341), which was lowered from 20.96% to 15.21% beginning in FY 2025-26. Total funding for the state share of MPERS would be \$89.5 million SAF.	Restricted	62,100,000	27,400,000
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
3. MPSERS Normal Cost Offset	Gross	\$21,800,000	(\$2,200,000)
Decreases funding by \$2.2 million SAF for the community colleges' MPSERS normal cost offset, a 10.1% decrease, due to a lower contribution needed to cover retirement benefits and maintain the assumed rate of return at 6.0%. Total funding for the MPSERS normal cost offset would be \$19.6 million SAF.	Restricted	21,800,000	(2,200,000)
	GF/GP	\$0	\$0
4. Removal of FY 2024-25 One-Time Appropriations	Gross	\$2,000,000	(\$2,000,000)
Removes \$2.0 million Gross (\$500,000 GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Restricted	1,500,000	(1,500,000)
<ul style="list-style-type: none"> • Career and Education Navigators for Adult Learners (\$1.2 million SAF) • Public-Service-Focused Careers program (\$500,000 GF/GP) • Kalamazoo Valley Community College Internet Accessibility (\$350,000 SAF) 	GF/GP	\$500,000	(\$500,000)

Major Boilerplate Changes from FY 2024-25

Sec. 201f. FY 2024-25 One-Time Performance Funding Payment Detail – DELETED

Deletes language that details the one-time performance funding payment allocations for each community college for FY 2024-25.

Sec. 201h. MPSERS Normal Cost FY 2023-24 Supplemental Appropriation Detail – DELETED

Deletes language that increases the FY 2023-24 MPSERS Normal Cost by \$1.3 million SAF due to reported payroll of community colleges being slightly higher than original projections.

Sec. 207b. MPSERS State Share of Unfunded Actuarial Accrued Liability (UAAL) Appropriation – REVISED

Specifies the purpose and allocation method for the state's share of community colleges' UAAL payment to MPSERS. Revises employer rate cap from 20.96% to 15.21% to reflect statutory changes made in FY 2024-25.

Sec. 210. Collaboration With Four-Year Universities, Local Employers, and Each Other – REVISED

Encourages community colleges to collaborate with four-year universities, particularly in areas of training, instruction, and program articulation. Also encourages community colleges to collaborate with local employers and each other to identify local employment needs; encourages community colleges to work with universities to develop equivalency standards. Revises language to require community colleges to collaborate with four-year universities, local employers and each other.

Sec. 210d. Reverse Transfer Agreements – REVISED

Encourages community colleges to work with public universities to increase the number of students awarded community college credentials as a result of "reverse transfer" of credits for university coursework to a community college. Adds language requiring community colleges to consult with the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) at least once an academic year on transfer credits and transfer student policies, publicly post transfer policies and resources on a website and admissions materials, and provide information on the Michigan Transfer Network, transfer pathways, and financial aid for transfer students.

Sec. 216e. Institutional Best Practices Detail – DELETED

Deletes language that details requirement that community colleges must certify to following at least 2 of 5 institutional best practices to receive both ongoing and one-time performance funding increases, one of which must be the best practice on transfers and working to increase the number of reverse transfer or articulation agreements.

Sec. 217a. Community College Annual Reporting Requirements – REVISED

Requires each community college to submit Michigan Community College Data Inventory (MCCDI) data, tuition and fee information, longitudinal data system data, degree and certificate award data, and annual independent audits as required by the first business day of November or have monthly payments withheld. Revises language to clarify monthly state operations payments would be withheld.

Major Boilerplate Changes from FY 2024-25

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 2024-25; and requires community colleges to limit in-district tuition and fee increases to 4.5% or \$217, whichever is greater. Sets FY 2025-26 tuition and fee restraint to the greater of 4.5% or \$227. Revises language that limits FY 2025-26 in-district tuition and fee increases to 4.5% or \$227 whichever is greater, and limits FY 2026-27 in-district tuition and fee increases to the greater of 5.0% or \$248. Adds language that details the state budget director shall implement uniform reporting requirements for tuition restraint, has the sole authority to determine compliance with the requirements, and will report information to the house and senate appropriation subcommittees and fiscal agencies.

Sec. 228. Communication With the Legislature – DELETED

Deletes language that forbids a community college from taking disciplinary action against an employee for communicating with the legislature.

**FY 2025-26 Community Colleges Operations Appropriations
Executive Recommendation**

% of Formula:	30%															10%	10%	10%	10%	30%	5%	5%	100%	FY 2024	Indian	Total FY 26	FY 2025-26	%
	Total FY 2024-25 Appropriation	Tuition Waiver Payment	FY 2024-25 One-Time Distribution	FY 2024-25 Base Appropriation	Sustainability	Performance- Improvement	Performance- Completion Number	Performance- Completion Rate	Contact Hours	Admin.	Local Strategic Value	Total Formula Distribution	Tuition Waiver Cost	Indian Tuition Waiver Adjustments	Indian Tuition Waiver Payment	FY 2025-26 Appropriation	Change											
Alpena	\$6,493,500	\$21,800	\$68,400	\$6,403,300	\$77,596	\$145,983	\$15,912	\$38,228	\$43,691	\$27,295	\$12,933	\$361,600	\$13,500	(8,300)	\$13,500	\$6,778,400	4.4%											
Bay de Noc	6,473,100	100,000	75,100	6,298,000	76,320	20,352	15,895	38,003	47,491	26,839	12,720	237,600	92,000	(8,000)	92,000	6,627,600	2.4%											
Delta	17,067,300	24,800	160,100	16,882,400	204,584	57,285	57,753	69,449	200,313	34,280	34,097	657,800	51,800	27,000	51,800	17,592,000	3.1%											
Glen Oaks	3,016,000	1,800	30,100	2,984,100	36,162	9,643	11,147	25,644	32,925	0	6,027	121,500	2,900	1,100	2,900	3,108,500	3.1%											
Gogebic	5,493,600	48,400	46,200	5,399,000	65,426	20,092	9,721	35,994	27,083	16,735	10,904	186,000	40,100	(8,300)	40,100	5,625,100	2.4%											
Grand Rapids	21,521,800	111,100	226,500	21,184,200	256,714	68,457	87,942	68,457	356,685	32,975	42,786	914,000	153,100	42,000	153,100	22,251,300	3.4%											
Henry Ford	25,554,400	6,400	247,300	25,300,700	306,599	81,760	119,610	81,760	330,692	29,639	51,100	1,001,200	4,500	(1,900)	4,500	26,306,400	2.9%											
Jackson	14,193,900	42,300	119,000	14,032,600	170,050	45,347	44,484	45,347	132,391	20,409	28,342	486,400	27,100	(15,200)	27,100	14,546,100	2.5%											
Kalamazoo Valley	14,889,900	37,200	148,300	14,704,400	178,191	47,518	48,832	62,634	174,734	36,627	29,698	578,200	46,900	9,700	46,900	15,329,500	3.0%											
Kelllogg	11,567,100	35,400	105,000	11,426,700	138,471	36,926	43,145	36,926	118,903	35,074	23,078	432,500	26,700	(8,700)	26,700	11,885,900	2.8%											
Kirtland	3,902,200	25,800	41,300	3,835,100	46,474	38,867	16,782	12,393	43,528	29,582	7,746	195,400	46,300	20,500	46,300	4,076,800	4.5%											
Lake Michigan	6,474,300	6,000	60,100	6,408,200	77,656	26,062	21,129	35,474	69,907	13,149	12,943	256,300	19,400	13,400	19,400	6,683,900	3.2%											
Lansing	36,512,400	81,200	296,800	36,134,400	437,884	163,966	114,236	133,477	283,354	27,047	72,981	1,232,900	82,100	900	82,100	37,449,400	2.6%											
Macomb	38,534,400	23,700	350,100	38,160,600	462,438	123,317	136,426	138,536	488,107	28,270	77,073	1,454,200	90,900	67,200	90,900	39,705,700	3.0%											
Mid Michigan	5,975,200	75,500	62,700	5,837,000	70,734	18,862	21,581	18,862	90,929	25,731	11,789	258,500	82,500	7,000	82,500	6,178,000	3.4%											
Monroe County	5,426,200	1,800	55,900	5,368,500	65,057	58,537	19,947	32,197	63,539	25,291	10,843	275,400	400	(1,400)	400	5,644,300	4.0%											
Montcalm	4,086,000	1,900	50,800	4,033,300	48,876	13,034	15,947	13,034	34,232	29,789	8,146	163,100	1,700	(200)	1,700	4,198,100	2.7%											
Mott	18,174,300	5,800	150,700	18,017,800	218,343	58,225	63,387	58,225	193,051	27,950	36,391	655,600	10,300	4,500	10,300	18,683,700	2.8%											
Muskegon	10,480,500	21,300	99,300	10,359,900	125,543	33,478	33,476	49,199	104,357	31,153	20,924	398,100	43,500	22,200	43,500	10,801,500	3.1%											
North Central	4,162,800	162,500	52,600	3,947,700	47,839	12,757	14,243	29,461	52,656	27,427	7,973	192,400	162,400	(100)	162,400	4,302,500	3.4%											
Northwestern	10,914,300	196,800	97,700	10,619,800	128,693	34,318	32,137	50,856	95,209	23,211	21,449	385,900	254,700	57,900	254,700	11,260,400	3.2%											
Oakland	25,428,100	33,800	264,300	25,130,000	304,530	81,208	122,131	97,846	407,600	24,579	50,755	1,088,600	38,400	4,600	38,400	26,257,000	3.3%											
Schoolcraft	15,166,400	21,000	173,400	14,972,000	181,434	48,382	68,065	63,680	243,201	35,887	30,239	670,900	25,300	4,300	25,300	15,668,200	3.3%											
Southwestern	7,885,300	29,500	69,200	7,786,600	94,360	25,163	15,216	41,951	64,211	23,971	15,727	280,600	19,100	(10,400)	19,100	8,086,300	2.5%											
St. Clair County	8,453,900	24,100	87,800	8,342,000	101,090	26,957	40,258	43,634	91,364	24,095	16,848	344,200	13,300	(10,800)	13,300	8,699,500	2.9%											
Washtenaw	16,503,100	24,600	221,200	16,257,300	197,009	52,536	179,380	69,487	320,346	34,908	32,835	886,500	19,000	(5,600)	19,000	17,162,800	4.0%											
Wayne County	19,642,700	4,400	178,000	19,460,300	235,824	104,608	84,534	62,886	250,502	23,562	39,304	801,200	2,500	(1,900)	2,500	20,264,000	3.2%											
West Shore	2,939,100	12,000	30,400	2,896,700	35,103	9,361	9,686	9,361	27,998	16,024	5,850	113,400	17,600	5,600	17,600	3,027,700	3.0%											
Total	\$366,931,800	\$1,180,900	\$3,568,300	\$362,182,600	\$4,389,000	\$1,463,000	\$1,463,000	\$1,463,000	\$4,389,000	\$731,500	\$731,500	\$14,630,000	\$1,388,000	\$207,100	\$1,388,000	\$378,200,600	3.1%											

Requirement to receive performance funding for FY 2025-26:
1. Restrain FY 2025-26 in-district tuition/fee rate increase to 4.5% or \$227 (whichever is greater)

Data Notes	
Component	Years
Performance improvement	FYs 2021-2023
Performance completion number	FYs 2021-2023
Performance completion rate	FYs 2021-2022
Contact hours	FY 2024
Administrative	FYs 2023-2024