

Community Colleges

Governor's Recommended Budget for Fiscal Years 2022 and 2023

Michigan's 28 public community colleges serve over 300,000 students a year, providing affordable access to postsecondary educational opportunities. These institutions are critically important to realizing the Governor's educational attainment goal of at least 60% of Michigan residents ages 25 to 64 earning a college degree or certificate by 2030.

The Governor's recommended budget for fiscal year 2022 includes total funding of \$434.7 million, all of which comes from the school aid fund.

Highlights

The Governor's recommended budget includes:

- ♦ **\$6.5 million in additional one-time funding for community college operations**, a 2% increase over fiscal year 2021. This one-time funding is distributed through the existing performance funding formula. Receipt of this funding increase is contingent on colleges holding tuition increases below 4.2% (equal to 2 times the projected rate of inflation) to limit cost increases for students and their families.
 - ♦ **\$2.6 million for community college retirement obligations**, bringing the total to \$100.6 million. The Governor's recommended budget continues to provide state support for retirement contributions to the Michigan Public School Employees Retirement System (MPERS), providing fiscal stability to community colleges. The increase in required funding is driven primarily by changes in actuarial assumptions tied to lowering assumed growth in payroll.
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Fiscal Year 2021 Supplemental

In addition to the investments above, the Governor is also recommending the following:

- ♦ **\$12.7 million in additional support for community colleges in fiscal year 2021** to partially backfill the reductions to community college operations in fiscal year 2020 and ensure the State is meeting maintenance of effort requirements in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Receipt of funding is contingent on community colleges adopting policies related to COVID-19 testing and quarantining, contact tracing, and other mitigation strategies for students and staff commuting to campus.

FY 2021 and FY 2022 Community Colleges Funding (\$ in thousands)					
Community College	FY 2021 Operations Funding	FY 2021 Supplemental	FY 2022 One-Time Increase	FY 2022 Indian Tuition Waiver Funding	FY 2022 Total Funding
Alpena	\$5,753	\$226	\$107	\$24	\$5,884
Bay de Noc	5,603	220	116	112	5,830
Delta	15,161	595	287	60	15,507
Glen Oaks	2,651	104	67	0	2,718
Gogebic	4,874	191	85	52	5,010
Grand Rapids	18,773	736	443	199	19,415
Henry Ford	22,533	884	412	15	22,960
Jackson	12,756	500	220	46	13,022
Kalamazoo Valley	13,100	514	269	86	13,455
Kellogg	10,267	403	202	51	10,520
Kirtland	3,358	132	78	7	3,443
Lake Michigan	5,703	224	105	13	5,821
Lansing	32,852	1,289	561	123	33,536
Macomb	34,276	1,345	661	23	34,960
Mid Michigan	5,184	203	116	154	5,455
Monroe County	4,746	186	102	1	4,849
Montcalm	3,571	140	75	5	3,650
Mott	16,440	645	285	41	16,766
Muskegon	9,289	364	170	58	9,517
North Central MI	3,389	133	84	181	3,655
Northwestern MI	9,567	375	177	251	9,995
Oakland	22,212	871	480	34	22,725
Schoolcraft	13,196	518	304	39	13,539
Southwestern MI	6,979	274	137	34	7,150
St. Clair	7,385	290	157	15	7,557
Washtenaw	13,856	544	379	35	14,270
Wayne County	17,593	690	347	15	17,956
West Shore	2,586	101	50	20	2,655
Operations Subtotal	\$323,654	\$12,696	\$6,473	\$1,693	\$331,820
MPSERS Retirement Subtotal					\$100,634
Renaissance Zone Reimbursement					\$2,200
Total					\$434,654

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 \$ in Thousands

FY 2022 Adjustments

	<u>GF/GP</u>	<u>SAF</u>	<u>GROSS</u>
FY 2021 Original Enacted	\$0.0	\$425,667.6	\$425,667.6
Removal of FY 2021 One-Time Funding	\$0.0	\$0.0	\$0.0
FY 2022 Ongoing Investments	\$0.0	\$0.0	\$0.0
FY 2022 Reductions	\$0.0	\$0.0	\$0.0
FY 2022 Baseline Adjustments			
Community College MPSERS UAL Stabilization Payment - Annual adjustment for the state's share of MPSERS costs above the cap for a total of \$87.2 million	\$0.0	\$3,300.0	\$3,300.0
Community College MPSERS Normal Cost Offset - Funds the normal cost increase to maintain the assumed rate of return for MPSERS to 6.8% for a total of \$11.7 million	\$0.0	(\$694.0)	(\$694.0)
Community College ITW Adjustment - Annual adjustment needed to fully fund the Indian Tuition Waiver	\$0.0	(\$93.1)	(\$93.1)
FY 2022 Total Executive Recommendation - Ongoing Funding	\$0.0	\$428,180.5	\$428,180.5
FY 2022 One-Time Investments			
Community Colleges Operations Increase - 2% distributed through the performance funding formula	\$0.0	\$6,473.1	\$6,473.1
FY 2022 Total Executive Recommendation - One-Time Funding	\$0.0	\$6,473.1	\$6,473.1
FY 2022 Total Executive Recommendation - Ongoing and One-Time	\$0.0	\$434,653.6	\$434,653.6
\$ Change from FY 2021 - Total Funding	\$0.0	\$8,986.0	\$8,986.0
% Change from FY 2021 - Total Funding	0.0%	2.1%	2.1%

FY 2023 Planning Adjustments

	<u>GF/GP</u>	<u>SAF</u>	<u>GROSS</u>
FY 2022 Total Executive Recommendation	\$0.0	\$434,653.6	\$434,653.6
Removal of FY 2022 One-Time Funding	\$0.0	(\$6,473.1)	(\$6,473.1)
FY 2023 Baseline Adjustment - Adjusts the normal cost increase to maintain the assumed rate of return for MPSERS to 6.8% for a total of \$11.2 million	\$0.0	\$6,600.0	\$6,600.0
FY 2023 Baseline Adjustment - Annual adjustment for the state's share of MPSERS costs above the cap for a total of \$93.8 million	\$0.0	(\$500.0)	(\$500.0)
FY 2023 Total Executive Recommendation	\$0.0	\$434,280.5	\$434,280.5
\$ Change from FY 2022 - Total Funding	\$0.0	(\$373.1)	(\$373.1)
% Change from FY 2022 - Total Funding	0.0%	(0.1%)	(0.1%)