



Community Colleges Performance Funding Formula

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Community College Operations Funding

The legislature annually appropriates funds for individual community colleges.

This process has included the use of a performance funding formula to allocate the total increase (or decrease) in state appropriations for community college operations.

Language describing the community college performance formula is specified in annual budget act language.

Each community college's operations funding currently consists of three parts:

- Baseline funding - the total amount appropriated in the prior year
- Performance funding - new appropriations determined through the formula
- North American Indian Tuition Waiver costs - funding provided to community colleges and public universities to cover waived tuition costs for eligible students

Community Colleges Performance Formula

The formula is based on the recommendations made from the FY 2015-16 Performance Indicators Task Force. The formula specifies the percentage of total performance funding that is distributed under each metric.

FY 2022-23 Formula Component	% of Performance Funding	FY 2022-23 Amount
Across-the-Board Sustainability adjustment	30%	\$4,855,200
Contact Hours, weighted for health & technology fields	30%	4,855,200
Performance Completion Improvement	10%	1,618,400
Performance Completion Number	10%	1,618,400
Performance Completion Rate	10%	1,618,400
Administrative Costs	5%	809,200
Local Strategic Value	5%	809,200
Total Performance Funding	100%	\$16,184,000

Formula Component: Sustainability

FY 2022-23 Formula Component	% of Performance Funding	FY 2022-23 Amount
Across-the-Board Sustainability adjustment	30%	\$4,855,200

Sustainability represents 30% of formula distributed funding.

Funding is distributed proportionally to each community college based on its share of base operations funding in the prior fiscal year.

Formula Component: Contact Hours

FY 2022-23 Formula Component	% of Performance Funding	FY 2022-23 Amount
Contact Hours, weighted for health & technology fields	30%	\$4,855,200

Contact hours represents 30% of formula distributed funding.

Contact hours are a measure of instruction time, which differs from credit hours. 16 contact hours equates to 1 credit hour.

Funding is distributed based on the number of contact hours per community college compared to the total number of contact hours for all 28 community colleges.

Contact hours in the health occupations and technology & industrial operations categories are given a 2x multiplier to account for higher instruction costs.

Contact hours data is obtained from the Michigan Community College Data Inventory (MCCDI), administered by the Center for Educational Performance and Information (CEPI).

Formula Component: Performance Completion Improvement

FY 2022-23 Formula Component	% of Performance Funding	FY 2022-23 Amount
Performance Completion Improvement	10%	1,618,400

Performance completion improvement represents 10% of formula distributed funding.

Completions are defined as students obtaining a degree, certificate or transfer to a 4-year institution.

Funding is distributed based on the combination of two factors:

- 20% is distributed to colleges that demonstrate an improvement in completions over a six-year period looking at 3 student cohorts. The FY 2022-23 formula compares the 2012, 2013 and 2014 cohorts.
- 80% is distributed proportionally to each college as a hold-harmless provision.

Completion improvement data is obtained from the Community College Success Rates report from CEPI.

Formula Component: Performance Completion Number

FY 2022-23 Formula Component	% of Performance Funding	FY 2022-23 Amount
Performance Completion Number	10%	1,618,400

Performance completion number represents 10% of formula distributed funding.

Completions are defined as students obtaining a degree, certificate or transfer to a 4-year institution.

Funding is distributed based on the number of completions over a three-year period for a community college relative to the overall number of completions for all 28 community colleges over the same three-year period.

Completion number data is obtained from the federal Integrated Postsecondary Education Data System (IPEDS).

Formula Component: Performance Completion Rate

FY 2022-23 Formula Component	% of Performance Funding	FY 2022-23 Amount
Performance Completion Rate	10%	1,618,400

Performance completion rate represents 10% of formula distributed funding.

Completions are defined as students obtaining a degree, certificate or transfer to a 4-year institution.

Funding is distributed based on the combination of two factors:

- 20% is distributed to community colleges above the statewide completion rate average, which uses completions over a six-year period looking at 3 student cohorts. The FY 2022-23 formula compares the 2012, 2013 and 2014 cohorts.
- 80% is distributed proportionally to each college as a hold-harmless provision.

Completion improvement data is obtained from the Community College Success Rates report from CEPI.

Formula Component: Administrative Costs

FY 2022-23 Formula Component	% of Performance Funding	FY 2022-23 Amount
Administrative Costs	5%	809,200

Administrative costs represents 5% of formula distributed funding.

Funding is distributed where community colleges with lower reported administrative costs averaged between two fiscal years receive a higher share of funding. The FY 2022-23 formula uses FYs 2019-20 and 2020-21.

Administrative cost data is obtained from the Michigan Community College Data Inventory (MCCDI), administered by CEPI.

Formula Component: Local Strategic Value

FY 2022-23 Formula Component	% of Performance Funding	FY 2022-23 Amount
Local Strategic Value	5%	809,200

Local strategic value represents 5% of formula distributed funding.

Funding is distributed on a proportional basis to each community college.

Community colleges must certify that they meet at least four out of five practices within three criteria categories to receive funding:

- Economic development and business & industry partnerships
- Educational partnerships
- Community services

List of practices within each criteria category is in the annual budget bill.

Community Colleges Performance Formula

FY 2022-23 Community Colleges Operations Appropriations Enacted Summary

% of Formula:																30%	10%	10%	10%	30%	5%	5%	100%		
	Total FY 2021-22 Appropriation	FY 2021-22 Indian Tuition Waiver Payment	FY 2021-22 One-Time Payment	FY 2021-22 Base Appropriation	Sustainability	Performance- Improvement	Performance- Completion Number	Performance- Completion Rate	Contact Hours	Administrative	Local Strategic Value	Total Formula Distribution	FY 2021 Indian Tuition Waiver Cost	Indian Tuition Waiver Adjustments	Total Indian Tuition Waiver Payment	FY 2022-23 Appropriation	% Change								
Alpena	\$5,830,600	\$23,900	\$53,400	\$5,753,300	\$86,306	\$33,844	\$19,850	\$41,774	\$45,741	\$31,583	\$14,384	\$273,500	\$13,700	(10,200)	\$13,700	\$6,040,500	3.6%								
Bay de Noc	5,772,400	111,600	58,000	5,602,800	84,049	27,020	19,431	41,939	54,869	32,863	14,008	274,200	109,700	(1,900)	109,700	5,986,700	3.7%								
Delta	15,364,000	60,100	143,400	15,160,500	227,426	60,647	73,006	78,535	214,186	36,042	37,904	727,700	40,200	(19,900)	40,200	15,928,400	3.7%								
Glen Oaks	2,684,500	0	33,300	2,651,200	39,771	24,191	9,453	29,945	36,460	4,465	6,629	150,900	0	0	0	2,802,100	4.4%								
Gogebic	4,968,100	52,000	42,400	4,873,700	73,111	38,059	11,271	41,693	32,519	20,761	12,185	229,600	42,500	(9,500)	42,500	5,145,800	3.6%								
Grand Rapids	19,193,200	198,600	221,500	18,773,100	281,619	78,881	106,940	93,361	352,331	32,987	46,936	993,100	184,400	(14,200)	184,400	19,950,600	3.9%								
Henry Ford	22,753,900	15,000	205,800	22,533,100	338,023	108,645	130,163	90,140	409,156	34,545	56,337	1,167,000	31,300	16,300	31,300	23,731,400	4.3%								
Jackson	12,912,300	46,200	109,900	12,756,200	191,358	52,368	41,221	51,029	140,543	30,495	31,893	538,900	42,600	(3,600)	42,600	13,337,700	3.3%								
Kalamazoo Valley	13,320,400	86,100	134,400	13,099,900	196,514	70,102	60,425	71,099	209,497	35,782	32,752	676,200	56,600	(29,500)	56,600	13,832,700	3.8%								
Kellogg	10,419,200	51,300	100,800	10,267,100	154,019	46,551	46,987	60,061	117,975	36,017	25,670	487,300	27,000	(24,300)	27,000	10,781,400	3.5%								
Kirtland	3,404,000	6,500	39,100	3,358,400	50,380	53,484	15,919	13,435	49,765	28,128	8,397	219,500	23,100	16,600	23,100	3,601,000	5.8%								
Lake Michigan	5,768,200	13,100	52,400	5,702,700	85,547	25,419	23,153	22,813	83,351	21,193	14,258	275,700	12,400	(700)	12,400	5,990,800	3.9%								
Lansing	33,255,300	122,700	280,600	32,852,000	492,819	136,702	135,405	150,169	349,510	30,111	82,137	1,376,900	110,300	(12,400)	110,300	34,339,200	3.3%								
Macomb	34,629,700	23,300	330,300	34,276,100	514,182	148,752	133,448	155,709	564,717	33,287	85,697	1,635,800	38,500	15,200	38,500	35,950,400	3.8%								
Mid-Michigan	5,396,300	153,900	58,000	5,184,400	77,772	28,039	20,305	20,739	90,621	23,285	12,962	273,700	97,600	(56,300)	97,600	5,555,700	3.0%								
Monroe County	4,798,100	700	51,200	4,746,200	71,199	27,463	22,838	18,986	74,181	30,848	11,866	257,400	1,400	700	1,400	5,005,000	4.3%								
Montcalm	3,612,600	4,800	37,200	3,570,600	53,563	14,284	20,672	14,284	47,520	29,047	8,927	188,300	8,500	3,700	8,500	3,767,400	4.3%								
Mott	16,623,500	41,000	142,500	16,440,000	246,620	65,765	62,522	65,765	146,708	29,826	41,103	658,300	28,800	(12,200)	28,800	17,127,100	3.0%								
Muskegon	9,431,700	57,500	85,100	9,289,100	139,348	51,673	34,511	55,544	107,175	32,824	23,225	444,300	42,000	(15,500)	42,000	9,775,400	3.6%								
North Central	3,612,700	181,200	42,200	3,389,300	50,844	21,496	18,487	31,496	66,323	29,500	8,474	226,600	163,900	(17,300)	163,900	3,779,800	4.6%								
Northwestern	9,906,900	251,200	88,600	9,567,100	143,518	47,892	31,540	57,719	107,955	27,118	23,920	439,700	155,500	(95,700)	155,500	10,162,300	2.6%								
Oakland	22,485,200	33,500	240,000	22,211,700	333,202	117,818	135,737	108,287	475,370	31,865	55,534	1,257,800	35,800	2,300	35,800	23,505,300	4.5%								
Schoolcraft	13,386,700	38,800	151,700	13,196,200	197,959	59,029	81,236	70,373	268,588	33,148	32,993	743,300	21,200	(17,600)	21,200	13,960,700	4.3%								
Southwestern	7,081,900	34,100	68,400	6,979,400	104,699	90,531	19,815	27,920	66,431	26,588	17,450	353,400	27,100	(7,000)	27,100	7,359,900	3.9%								
St. Clair County	7,478,700	15,100	78,400	7,385,200	110,787	30,597	47,040	49,643	118,605	26,272	18,464	401,400	18,600	3,500	18,600	7,805,200	4.4%								
Washtenaw	14,080,600	35,300	189,400	13,855,900	207,855	67,584	206,350	75,221	368,423	35,370	34,643	995,400	23,700	(11,600)	23,700	14,875,000	5.6%								
Wayne County	17,782,100	15,000	173,700	17,593,400	263,922	70,379	80,310	70,379	225,789	27,979	43,987	782,700	8,600	(6,400)	8,600	18,384,700	3.4%								
West Shore	2,630,600	20,200	24,800	2,585,600	38,787	21,184	10,362	10,343	30,888	17,269	6,465	135,400	21,200	1,000	21,200	2,742,200	4.2%								
	\$328,583,400	\$1,692,700	\$3,236,500	\$323,654,200	\$4,855,200	\$1,618,400	\$1,618,400	\$1,618,400	\$4,855,200	\$809,200	\$809,200	\$16,184,000	\$1,386,200	(\$306,500)	\$1,386,200	\$341,224,400	3.8%								

For more information about the Community Colleges budget:

HFA Resources

<http://www.house.mi.gov/hfa/CommunityColleges.asp>

Contact Information

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