

FY 2024-25 COMMUNITY COLLEGES BUDGET

H.B. 5507 (CR-1): CONFERENCE REPORT

Article II



FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2023-24 YEAR-TO-DATE*	FY 2024-25 CONFERENCE REPORT	CHANGES FROM FY 2023-24 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	544,517,500	462,220,800	(82,296,700)	(15.1)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	544,517,500	462,220,800	(82,296,700)	(15.1)
Less:				
Federal Funds	0	0	0	0.0
Local and Private.....	0	0	0	0.0
TOTAL STATE SPENDING.....	544,517,500	462,220,800	(82,296,700)	(15.1)
Less:				
Other State Restricted Funds.....	544,517,500	461,720,800	(82,796,700)	(15.2)
GENERAL FUND/GENERAL PURPOSE	0	500,000	500,000	--
PAYMENTS TO LOCALS	544,517,500	461,720,800	(82,796,700)	(15.2)

*As of February 7, 2024.

- Major Boilerplate Changes from FY 2023-24 Year-to-Date:**
- 1. Repealed Sections.** **216c** (ITEM grants), **216d** (ITEM certification).
 - 2. Sections with Technical Amendments.** **205** (Deprived and Depressed Communities), **206** (Payment Distribution Schedule), **207a** (MPSERS Reimbursements), **207b** (MPSERS Reform Costs), **207c** (Renaissance Zone Reimbursements), **217** (Michigan Community College Data Inventory), **222** (Annual Audit), **223** (Indian Tuition Waivers), **229** (Military Status), **229a** (State Building Authority Rent), and **230** (Performance Indicators Taskforce).
 - 3. Tuition Restraint.** Maintains current law maximum percent increase of 4.5%; updates maximum dollar amount to \$217.00. Establishes intended rate for FY26 as 4.5% or \$227.00. **(Sec. 217b)**
 - 4. Other Boilerplate Changes.** **NEW 201g** (Unobligated ARP-SFRF Funds), **NEW 201h** (FY24 MPSERS Normal Cost Supplemental), **NEW 216e** (Institutional Best Practices), **NEW 217c** (Charter School Authorizer Report).

FY 2024-25 COMMUNITY COLLEGES BUDGET
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FY 2023-24 Year-to-Date Appropriation	\$544,517,500	\$0		
	CHANGE FROM FY 2023-24 Y-T-D		FY 2024-25 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
<u>Baseline Adjustments</u>				
1. MPSERS Unfunded Actuarially Accrued Liabilities (UAAL) Stabilization Payment. The Conference reduced appropriations for MPSERS UAAL amounts over the statutory cap of 20.96% of affected payroll to reflect actuarially-determined need.	(43,700,000)	0	62,100,000	0
2. MPSERS Normal Cost Offset. The Conference reduced appropriations for MPSERS normal costs, which are the present value of the cost of future retirement benefits accrued during a year of employment. This appropriation varies annually, based on market conditions, payroll growth, and various other actuarial assumptions.	(1,200,000)	0	21,800,000	0
3. Remove FY 2023-24 One-Time Appropriations. The Conference removed the 5 one-time appropriations that were included in the FY 2023-24 budget. These items are: \$32.8 million for ITEM grants; \$5.0 million for career and education navigators for adults; \$5.0 million for the Michigan Reconnect Entry Point Program; \$5.0 million for critical incident mapping; and \$530,000 for a workforce development grant.	(48,366,600)	0	0	0
4. North American Indian Tuition Waiver Adjustment. The Conference included an adjustment to ITW payments to colleges, based on the most recent ITW cost data submitted to the Department of Civil Rights.	49,100	0	1,180,900	0
<u>New Programs/Program Increases</u>				
5. Community College Operations – Ongoing Increase. The Conference included a 1.5% ongoing increase for college operations using the existing statutory performance funding formula. The formula allocates operations increases as follows: 30% based on prior year funding, 30% based on weighted contact hours, 10% based on degree and certificate completions, 10% based on completion rate, 10% based on completion rate improvement, 5% based on administrative costs, and 5% based on local strategic value. To receive either an ongoing or one-time increase, community colleges must certify compliance with 2 out of 5 'best practices' as established under Section 216e.	5,352,500	0	365,750,900	0
<u>Eliminations/Reductions - NONE</u>				

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	CHANGE FROM FY 2023-24 Y-T-D		FY 2024-25 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
<u>One-Time Appropriations</u>				
6. Community College Operations – One-Time Increase. The Conference included a 1.0% one-time increase. Both increases use the existing statutory performance funding formula. The formula allocates operations increases as follows: 30% based on prior year funding, 30% based on weighted contact hours, 10% based on degree and certificate completions, 10% based on completion rate, 10% based on completion rate improvement, 5% based on administrative costs, and 5% based on local strategic value. To receive either increase, community colleges must certify compliance with 2 out of 5 'best practices' as established under Section 216e.	3,568,300	0	365,750,900	0
7. Local Heroes Program. The Conference included a one-time grant to the Michigan Community Colleges Association to support a program to increase the number of high school students who choose to dual enroll in a high school and to encourage those students to explore a career in education or public safety.	500,000	500,000	500,000	500,000
8. Kalamazoo Valley Community College – Internet Accessibility. The Conference included a one-time grant to KVCC for improvements to internet accessibility.	350,000	0	350,000	350,000
9. Michigan Reconnect Navigator Grants. The Conference included \$1.15 million in one-time School Aid Fund dollars for grants to community colleges to create or supplemental navigation programs for adult learners.	1,150,000	0	1,150,000	0
<u>Other - NONE</u>				
Total Changes.....	(\$82,296,700)	\$500,000		
FY 2024-25 CONFERENCE REPORT	\$462,220,800	\$500,000		
Amount Over/(Under) GF/GP Target		\$0		

Date Completed: 6-26-24

Fiscal Analyst: Josh Sefton