

# Community Colleges

## BACKGROUND

Michigan has 28 community colleges (sometimes called junior colleges), two-year institutions that confer an associate's degree. The primary role of these institutions is to provide general education, job training, and career and technical instruction at a reasonable cost. Community colleges also offer remedial programs for people lacking college entrance skills, provide opportunities for adults to continue their education, and are a gateway for students not yet academically prepared or financially able to enroll at a university.

In total, nearly 200,000 attended a Michigan community college full or part time in FY 1996–97. Enrollment has varied greatly during the past 20 years, as the fiscal year equated enrollment figures show: 110,000 (1987–86), 127,000 (1989–80), 130,000 (1992–93), 107,934 (1996–97). FYES enrollment fell 2.7 percent from FY 1995–96 to FY 1996–97, and headcount enrollment fell 11 percent.

Community colleges are governed by locally elected boards and have three major funding sources: property taxes, state aid, and tuition and fees. In FY 1996–97 property taxes funded almost 35 percent of community college expenditures; state allocations 33 percent; tuition/fees 29 percent; and miscellaneous sources (including endowments and investment income) roughly 4 percent (see Exhibit 1).

State funding for community colleges has fluctuated throughout the 1990s. In FY 1991–92, the colleges received a 6.6 percent increase and in FY in 1993–94 no increase at all (see Exhibit 2). The governor has proposed only a 0.1 percent increase for FY 1998–99.

Property taxes are levied on residents living in a community college's service district. The amount a community college receives depends on the

## GLOSSARY

### Career and technical (vocational) education

Teaches specific occupational skills.

### Community College

A two-year post-secondary institution that awards an associate's degree.

### Customized training

Training tailored to a business's specific needs.

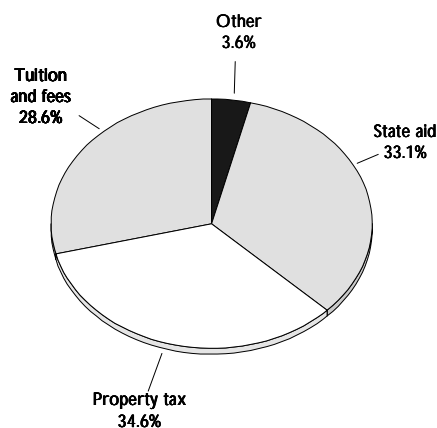
### Fiscal year equated student (FYES)

Number of students enrolled; adjusted for part-time enrollments—e.g., a student attending half time is counted as one-half FYES. Full-time enrollment is 12 credit hours.

### Mill

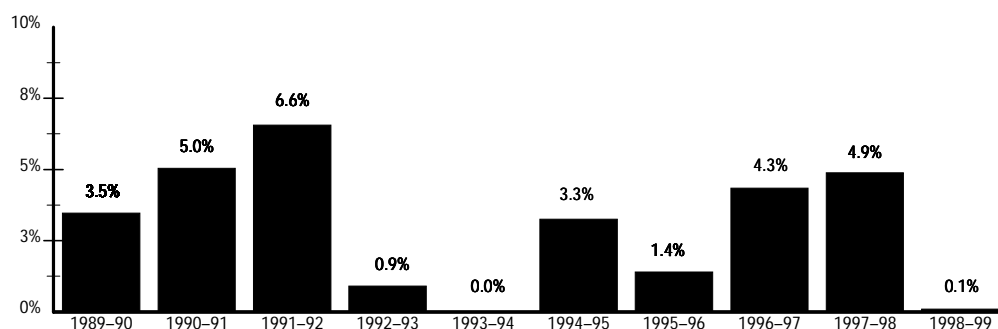
A monetary unit equal to 1/1000 of a dollar. Millage is the tax rate on property—the number of assessed against the property's taxable value.

**EXHIBIT 1. Sources of Community College Funding, FY 1996–97**



SOURCE: Michigan Department of Education.

## EXHIBIT 2. Percentage Change in State Appropriations for Michigan Community Colleges, FY 1989–90 to 1997–98



SOURCE: Michigan Department of Education.

property valuation in the district and the voters' willingness to approve a millage. On average, in FY 1996–97 community colleges levied 2.15 mills on the residents in their taxing district and raised \$9.7 million. Growth in property tax revenue may be constricted in future years, however, because Proposal A (passed in 1994) prohibits a property's assessed value from rising more than 5 percent or the inflation rate, whichever is less. Only by raising millage rates, which requires voter approval, will community colleges be able to increase their property tax revenue above the inflation rate. If their costs exceed the inflation rate, and some data indicate that this has been the case in recent years, the schools may be forced to raise tuition or find other revenue sources to make up the difference.

The Michigan Department of Education (MDE) reports that community college tuition has risen steadily for 20 years. Tuition hikes have been common in the 1990s, with in-state tuition growth averaging 5.7 percent a year from FY 1989–90 to FY 1996–97. Tuition now accounts for a slightly higher proportion of community college revenue than in the past: In FY 1996–97 the figure was 29 percent, up from 24 percent in FY 1978–79.

### School-to-Work Programs

In recent years a proliferation of school-to-work programs have unfolded in Michigan and elsewhere as one way to improve the transition from K–12 education to the reality of the workplace. "School to work" is an

umbrella term describing many programs, such as apprenticeships, internships, job shadowing, mentoring, career counseling, integrating vocational education into mainstream curricula, and other efforts to more closely align education with business needs.

Although there are some school-to-work funds available from the federal government and private sources in Michigan, such programs are funded primarily through local work-force development boards (WDBs), under the auspices of the Michigan Jobs Commission. School-to-work programs are implemented on many fronts in Michigan—programs are conducted not only by community colleges but also by intermediate and K–12 school districts, businesses, business organizations, and government agencies.

Community colleges are emerging as leaders in presenting school-to-work programs. They are uniquely poised to do so, since they already collaborate with employers, community members, K–12 schools, and other major players in the school-to-work arena. They also have a tradition of offering work-transition programs for students, such as career and technical education and apprenticeships.

### Customized Training

Community colleges have become known for offering customized or contract training—for example, a firm contracts with a community college to train employees in the specific skills the company needs.

Such training may pertain to special software, human resource activities (e.g., teamwork), or other matters. Although many firms use such training to improve workers' proficiency in existing technology, it is particularly useful to a firm when it is adopting new technology; today's rapid technological change makes the availability of customized training important to companies of all sizes and types.

## DISCUSSION

While community colleges play a significant role in work-force training, some contend that they still take a back seat to universities when it comes to state funding. Supporters of community colleges point out that the schools offer many advantages to community members that four-year and other institutions of higher learning do not.

- Most serve nontraditional learners: 79 percent of full-time and more than 80 percent of part-time community college students have at least part-time jobs.
- They provide an opportunity to people who do not participate in university education because of economic or social barriers; for example, community colleges enroll many minorities, career-bound women, single parents, people with handicaps, people with low income, and the educationally disadvantaged.
- They are geographically accessible. Ninety-five percent of Michigan residents live within commuting distance of a community college.
- Because they stress applied skills that lead directly to employment, community colleges are able to respond to the needs both of adults who need retraining as well as first-time learners.
- A community college education is more affordable than most other higher education (in FY 1995–96 Michigan community college tuition and fees averaged \$540; at Michigan public universities, the average was \$3,600).

Proponents of more state funding for community colleges contend that the governor's FY 1998–99 budget is a good example of how the colleges take a back seat

to universities—the colleges are slated for almost no increase in state funding (0.1 percent), while universities are in line for a 1.5 percent increase. The governor states that changes in the Public School Employees Retirement System will save the community colleges the equivalent of a 5.4 percent increase. The community colleges acknowledge that the retirement changes mean that they will have to pay less into the system, but they point out that the same is true for the universities, yet they are slated to receive a much larger increase. Moreover, to receive virtually no increase affects the colleges' base funding, upon which future funding increases will be computed; thus, this year's lower funding has a multiyear effect.

In the face of rising costs and sometimes stagnant state appropriations, to maintain or expand programs community colleges have only the option of raising tuition, and this could have the unfortunate effect of making a community college education unaffordable to thousands of people. Community college advocates maintain that since such colleges were founded, their hallmark has been their ability to provide a good education at a reasonable cost. As the costs of attending four-year institutions skyrocket and as jobs require increasingly higher education/skill levels, supporters believe that it is imperative that community colleges remain affordable. Many believe that students should not solely bear the financial burden of rising education costs; changing the way in which community colleges are funded, they claim, is the only equitable long-term solution to funding inadequacies.

There also has been contention about the way in which community college funding is allocated among the state's 28 institutions. For most of the past 20 years, state allocations to community colleges have been set at least in part by a funding formula. During the 1970s, when these institutions were expanding in size, scope, and social importance, the legislature used an enrollment-based formula, believing this encouraged the colleges to recruit more students, which ultimately benefited the state by educating more of the population. By FY 1978–79 the number of community college students had stabilized, and the en-

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rollment-based formula was discarded. For the next five years, due to severe recessions and the absence of a better formula, allocations were made by across-the-board percentage increases.

In FY 1984–85 the legislature, wanting to begin to equalize growing expense and revenue differences among schools, instituted the “Gast-Mathieu fairness-in-funding formula,” which takes into account some program variations among the colleges and each institution’s particular needs—factors such as a school’s need for instructional support and equipment replacement, its student services, physical plant operations, administration, and energy costs. Also factored into the formula are tuition rates, millage rates, and local and other revenue. The formula has been used to some extent most years since its inception. For example, in FY 1997–98 each college received a 3 percent increase plus additional funds distributed through the Gast-Mathieu formula.

Several larger urban schools have become dissatisfied with the formula, because they believe it favors smaller institutions; they contend that it fails to consider the fact that the larger colleges meet special and complex vocational training needs and offer high technology programs useful to urban business and industry. They say these programs are particularly costly to the institutions but critical to Michigan’s competitive position in international markets.

Some observers suggest that redistricting should be explored as a way to increase community college revenue. Redrawing existing borders so that every area of the state is in a community college tax district, proponents claim, would have several advantages: More local property tax revenue would be available to the two-year institutions; post-secondary education would become more accessible to all because there would be no need to charge out-of-district tuition; and eliminating the two-tiered tuition system (whereby in- and out-of-district students are charged different rates) would reduce administrative costs.

Redistricting is viewed with skepticism by those who fear that implementing it statewide might be an ad-

ministrative and political nightmare because of the so-called Headlee amendment, which requires that any new taxes levied on a locality must be approved by the affected voters. Because community colleges can levy taxes, every annexation of a locale not already in a service district would require that the locale’s voters be asked to approve.

*See also* Headlee Amendment; Job Training.

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