



**Senate Fiscal Agency**  
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**BILL ANALYSIS**

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House Bill 4265 (Substitute S-1 as reported)  
Sponsor: Representative Amanda Price  
House Committee: Education  
Senate Committee: Education

**CONTENT**

The bill would amend the Community College Act to do the following:

- Require the approval of the Superintendent of Public Instruction for the formation of a proposed community college district, and the proposed maximum annual tax rate, before an election was held.
- Eliminate requirements that local units proposed for annexation be contiguous to a community college district.
- Revise the procedure for annexing into a community college district a portion of a local unit not already included in the area of a community college district.
- Specify that regular terms of office for boards of trustees would begin on January 1 following the school election in November.
- Require a board of trustees of a community college district composed of school districts or intermediate school districts to hold its organizational meeting at its first meeting in January following the date of the regular election.

MCL 389.11 et al.

Legislative Analyst: Jeff Mann

**FISCAL IMPACT**

The bill would have no impact on State government and an indeterminate impact on community college districts and other local units of government. The impact on community college districts would be contingent on the number of districts annexed, the tax base of the annexed local unit and local millage rates, and the number of students who would no longer be charged out-of-district tuition rates.

Table 1 delineates statewide revenue sources for Michigan's 28 public community colleges.

Table 1

| <b>FY 2014-15 Community College General Fund Revenue Sources</b> |                        |                   |
|--|------------------------|-------------------|
|  | <u>Amount</u>          | <u>% of Total</u> |
| Tuition and Fees   | \$643,567,637          | 41.2%             |
| Property Tax   | 531,499,183            | 34.0              |
| State Aid  | 307,191,300            | 19.6              |
| Other  | <u>81,075,846</u>      | <u>5.2</u>        |
| <b>Total:</b>  | <b>\$1,563,333,966</b> | <b>100.0%</b>     |
| Sources: Activities Classification Structure (ACS).              |                        |                   |

All community colleges charge a higher tuition rate for out-of-district students. The statewide average in-district tuition rate is \$106.38, compared to the statewide average out-of-district rate of \$177.11, for a difference of \$70.73 per contact/credit hour. The largest difference

between in-district and out-of-district rates is \$127.00 at Grand Rapids Community College. Table 2 lists by college in-district and out-of-district tuition rates.

Table 2

| <b>FY 2016-17 Michigan Public Community Colleges In-District Tuition Rates Compared to Out-Of-District Rates</b> |                    |                        |                   |
|--|--------------------|------------------------|-------------------|
|  | <b>In-District</b> | <b>Out of District</b> | <b>Difference</b> |
| Alpena   | \$125.00           | \$197.00               | \$72.00           |
| Bay de Noc   | 116.00             | 199.00                 | 83.00             |
| Delta  | 99.50              | 170.00                 | 70.50             |
| Glen Oaks  | 109.00             | 172.00                 | 63.00             |
| Gogebic  | 110.00             | 156.00                 | 46.00             |
| Grand Rapids   | 111.00             | 238.00                 | 127.00            |
| Henry Ford   | 93.00              | 161.00                 | 68.00             |
| Jackson  | 135.00             | 195.00                 | 60.00             |
| Kalamazoo Valley   | 100.00             | 172.00                 | 72.00             |
| Kellogg  | 104.50             | 167.75                 | 63.25             |
| Kirtland   | 109.00             | 158.00                 | 49.00             |
| Lake Michigan  | 97.00              | 150.00                 | 53.00             |
| Lansing  | 99.00              | 198.00                 | 99.00             |
| Macomb   | 97.00              | 180.00                 | 83.00             |
| Mid-Michigan   | 108.00             | 196.00                 | 88.00             |
| Monroe   | 107.00             | 186.00                 | 79.00             |
| Montcalm   | 105.00             | 199.00                 | 94.00             |
| Mott   | 132.62             | 183.40                 | 50.78             |
| Muskegon   | 102.00             | 190.00                 | 88.00             |
| North Central  | 108.00             | 179.00                 | 71.00             |
| Northwestern   | 103.70             | 205.30                 | 101.60            |
| Oakland  | 88.00              | 171.00                 | 83.00             |
| Schoolcraft  | 102.00             | 148.00                 | 46.00             |
| Southwestern   | 115.25             | 150.25                 | 35.00             |
| St. Clair  | 105.00             | 204.00                 | 99.00             |
| Washtenaw  | 94.00              | 155.00                 | 61.00             |
| Wayne County   | 107.10             | 118.30                 | 11.20             |
| West Shore   | 96.00              | 160.00                 | 64.00             |
| <b>State Average</b>   | <b>\$106.38</b>    | <b>\$177.11</b>        | <b>\$70.73</b>    |
| Source: Reports filed pursuant to Section 225 of the State School Aid Act, and college websites.                 |                    |                        |                   |

Local units of government within a community college district are required to pay a millage to support the district. Community college districts' operating millage rates range from 1.1446 mills to 4.0 mills. In FY 2014-15, property taxes generated \$1.4 million for Gogebic Community College, accounting for 13.7% of its operating fund revenue, while property taxes for Oakland Community College generated \$77.3 million, accounting for 52.1% of its operating fund revenue.

Date Completed: 12-8-16

Fiscal Analyst: Bill Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.