



**Northwestern
Michigan
College**

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Testimony Before the Michigan House of Representatives
Subcommittee on Community College Appropriations
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Timothy J. Nelson, President

Good morning Chairman Goike, Representative Genetski, Representative Cotter, Representative McCann, and Representative Lipton. I appreciate the opportunity to testify today and talk with you about community colleges in Michigan. My name is Tim Nelson and it is my privilege to serve as the President of Northwestern Michigan College in Traverse City, Michigan. I have been fortunate to do so for the past eleven years.

Northwestern is one of the 28 state assisted community colleges. When asked how many students we have, I give an answer like this. In any given year, we serve approximately 7500 different “academic students”, 10,000 learners in our non-credit area, 2,000 learners in the workplace, 1,300 students studying bachelors, masters, or doctorate degrees through our university center, 60,000 visitors to our world class Dennis Museum Center, and 7,500 listeners to WNMC our college operated radio station.

We like many of our sister colleges are known for certain specialties in addition to our regular business. These include having one of six federally chartered maritime academies, an aviation program that serves not only Michigan but has partnership agreements with universities in Great Britain, India and China; the Great Lakes Water Studies Institute that offers the only associate degree in fresh water in the U.S., an internationally recognized museum with the second largest Inuit art collection in the lower 48 states, a nationally accredited culinary institute and the Health Education Institute, a partnership with Munson Health Care (the largest employer in Michigan north of Grand Rapids). All of these specialties exist because they are linked to our regional and state economy.

As you know, Governor Snyder’s community college budget was released a few weeks ago. I would like to comment on that budget and answer any questions you may have as you move through your deliberation process.

First, I appreciate a number of characteristics in the Governor’s budget. Specifically, that base funding from last year was maintained, that there is a recognition of the important work that community colleges do, that a small contribution to MPSERS liabilities was included, and that a modest 3% increase to funding was included.

However, I do have some concerns. Over the past decade, NMC, like many of our sister colleges have grown substantially. We serve more learners than ever before, about 30% more for us. Yet, our state funding is now close to 1998 levels. The 3% increase has been allocated according to a historical tally of the number of degrees and certificates awarded in classic STEM (science, technology, engineering and math) areas. For NMC, this results in a 1.2% increase or \$112,100. At the same time, our MPSERS

contribution (set at 27.37%) for next year will add and expense of \$500,000 to \$650,000 to our budget. The net effect is a reduction of 4 to 6% in spendable state funding.

I do have questions about the allocation formula on a few fronts. What policy outcome is desired? How complete is the data that was used, and will it drive us to intended or unintended consequences?

I will assume that the answer to the first question is embedded in the belief that jobs of the future will be significantly found in STEM areas. While I do not disagree with this in principal, it tends to ignore degrees outside of this area that are directly linked to the regional economy. As to the question of data completeness, the data is not complete. It is incomplete in terms of describing success in a community college and it is incomplete in describing completion of STEM credentials. How can the latter be true? Most community colleges award Associate of Science, Associate of Arts and Associate in General Studies degrees. Most, including NMC, do not have majors within these degrees as you find at a university. So, a student studying biology or math or chemistry who receives one of those degrees, does not show up in the IPEDs STEM categories.

Further, If the focus of this allocation methodology is related to “jobs”, then the data is incomplete there. Our own studies show that 25% of the learners taking non-credit programming do so to gain skills for their current or future jobs. 75% of Graduates from spring 2011 reported being employed six months after graduation; another 11% reported continuing their education for a “placement” rate of 86%. However, only about 30% of our graduates fall in the STEM areas. Our overall graduate self-reported placement rate usually hovers between 85% and 90%. None of this data is reflected in the current allocation methodology.

So, what am I asking for? Consider a broader methodology for the allocation of funding. Consider the funding formula that was developed by a joint taskforce of Legislators and Community College Presidents in 2006. Consider an across the board allocation since that was the way in which most of the reductions over the past ten years were applied. Consider the implications of applying incentives.

Next, when it comes to MPSERS, please help to reform the system. The increase to NMC this year and in the past is unsustainable. Our retirement payments now represent almost 10% of our general fund expenditures and they continue to climb. For the system as a whole almost 60 cents of every dollar you allocate to us goes right back into MSPERS. A few of our colleges are approaching almost a dollar for dollar return. This means the state funding is not reaching the learner, it is not helping to create jobs, and it is creating an unsustainable business model.

Thank you for listening. I appreciate the work you do, the hard choices you must make, and your support for Michigan’s 28 community colleges.