

Act No. 293
Public Acts of 1996
Approved by the Governor
June 19, 1996
Filed with the Secretary of State
June 19, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Senators Gast and DeGrow

ENROLLED SENATE BILL No. 846

AN ACT to make appropriations for community colleges for the fiscal year ending September 30, 1997; to provide for the expenditure of the appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, officers, and employees.

The People of the State of Michigan enact:

Sec. 101. There is appropriated for community colleges and certain other state purposes relating to education, subject to the conditions set forth in this act, for the fiscal year ending September 30, 1997, the following amounts:

SUMMARY UNIT FOR COMMUNITY COLLEGES

GROSS APPROPRIATION.....	\$	262,186,716
Total interdepartmental grants and intradepartmental transfers	\$	0
ADJUSTED GROSS APPROPRIATION.....	\$	262,186,716
Total federal revenues		0
Total local revenues		0
Total private revenues.....		0
Total local and private revenues.....		0
Total other state restricted revenues		0
State general fund/general purpose	\$	262,186,716

OPERATIONS

Alpena Community College	\$	4,232,625
Bay de Noc Community College.....		3,797,794
Delta College		12,274,288
Glen Oaks Community College		1,824,911
Gogebic Community College.....		3,752,453
Grand Rapids Community College.....		16,634,283
Henry Ford Community College		18,433,605
Jackson Community College.....		11,047,351
Kalamazoo Valley Community College.....		8,907,554
Kellogg Community College		7,558,837
Kirtland Community College.....		2,730,118
Lake Michigan College		4,233,089
Lansing Community College		26,669,260
Macomb Community College.....		29,102,443

	For Fiscal Year Ending Sept. 30, 1997
Mid-Michigan Community College	\$ 3,373,234
Monroe County Community College.....	3,279,142
Montcalm Community College	2,797,347
C.S. Mott Community College.....	13,453,006
Muskegon Community College.....	7,672,999
North Central Michigan College.....	2,568,459
Northwestern Michigan College.....	7,396,982
Oakland Community College	19,176,115
St. Clair County Community College	6,073,798
Schoolcraft College.....	10,066,516
Southwestern Michigan College.....	4,754,811
Washtenaw Community College.....	9,535,282
Wayne County Community College.....	15,406,817
West Shore Community College.....	1,936,459
GROSS APPROPRIATION.....	\$ 258,689,578
State general fund/general purpose	\$ 258,689,578
GRANTS	
At risk student success program.....	\$ 3,497,138
GROSS APPROPRIATION.....	\$ 3,497,138
State general fund/general purpose	\$ 3,497,138

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending in this act is \$262,186,716.00, and state appropriations to be paid to local units of government in section 101 total \$262,186,716.00.

Sec. 202. (1) For community colleges with fiscal years ending June 30, 1997, the sums appropriated in this act are appropriated for their fiscal years ending June 30, 1997 and shall be paid out of the state treasury and distributed by the state treasurer to the respective community colleges in 9 equal monthly installments for the period October 1, 1996 to June 30, 1997. However, if a community college fails to submit all verified Michigan Community Colleges Activities Classification Structure data for school year 1995-96 to the department of education by November 1, 1996, the monthly installments shall be withheld from that community college until those data are submitted. The department of education shall publish the activity classification structure data book on or before March 1, 1997 for use by the legislature during budget development for the fiscal year ending September 30, 1998. The amount from the funds appropriated in section 101 that is allocated under section 401 to address the special needs of at-risk students shall be paid in full by the state treasurer by November 1, 1996. The amount distributed to a community college or department shall not exceed the net state allocation authorized by this act.

(2) Except as otherwise provided by law, each of the amounts appropriated shall be used solely for the respective purposes stated in this act. The funds appropriated by this act may be used to match the cost of any available programs under the Carl D. Perkins vocational and applied technology education act, Public Law 88-210, 98 Stat. 2435, including local administration.

Sec. 203. (1) The auditor general or an independent public accounting firm appointed by the auditor general shall audit data for the fiscal year ending on June 30, 1996 as submitted on the department of education request forms of 7 randomly selected community colleges. A community college shall maintain and provide those records necessary for the auditor general or certified public accountant appointed by the auditor general to determine the accuracy of the reported data. The audits shall be based upon the definitions and requirements contained in the Michigan Public Community Colleges Manual for Uniform Financial Reporting, 1981, as revised, and the Michigan Community Colleges Activities Classification Structure, 1981, as revised. Before the submission of a final audit report, a community college may appeal the findings of the preliminary report, and the auditor general shall consult legislative and executive authorities concerning an interpretation of the manual if necessary, under an appeal process to be established by the auditor general. The auditor general shall submit a report of the findings to the house and senate appropriations committees, the department of education, and the department of management and budget before June 1, 1997.

(2) The auditor general or a certified public accountant appointed by the auditor general shall conduct not less than 3 performance audits of community colleges but may conduct more if the auditor general considers it necessary.

(3) Not more than 60 days after an audit report is released by the office of the auditor general, the principal executive officer of the community college that was audited shall submit to the house and senate appropriations committees, the house and senate fiscal agencies, the department of education, the auditor general, and the department of management and budget a plan to comply with audit recommendations. The plan shall contain projected dates and resources required, if any, to achieve compliance with the audit recommendations, or a documented explanation of the college's noncompliance with the audit recommendations concerning the matters on which the audited community college and office of the auditor general disagree.

(4) A community college whose audited activities classification structure data is significantly different than the data used to determine state aid under this act shall return any overappropriated money upon notification by the chairs of the senate and house appropriations subcommittees on community colleges. The returned money shall be redistributed to all 29 community colleges, prorated on the base appropriations contained in section 101.

Sec. 204. The department of education shall revise and update the taxonomy of the 7 community colleges selected for audit under section 203(1) pursuant to the Michigan Community Colleges Activities Classification Structure, 1981, as revised.

Sec. 205. (1) A community college shall retain certified class summaries, class lists, registration documents, and student transcripts that are consistent with the taxonomy of courses. For each enrollment period during the fiscal year, these certified documents shall identify clearly by course the number of in-district and out-of-district student credit and contact hours. The class summaries and class lists shall be consistent with each other and shall include the course prefix and numbers, course title, course credit and contact hours, credit and contact hours generated by each student, and activity classifications consistent with the taxonomy. An auditable process shall be used by the community college to determine the unduplicated head count for in-district students, out-of-district students, and prisoners for each enrollment period during the fiscal year.

(2) Contracts between the community college and agencies that reimburse the community college for the costs of instruction shall be retained for audit purposes.

Sec. 206. Each community college shall have an annual audit of all income and expenditures performed by an independent auditor and shall furnish the independent auditor's management letter and an annual audited accounting of all general and current funds income and expenditures including audits of college foundations to the legislature, the senate and house fiscal agencies, the auditor general, the department of education, and the department of management and budget before December 1, 1996. If a community college fails to furnish the audit materials, the monthly state aid installments shall be withheld from that college until the information is submitted. All reporting shall conform to the requirements set forth in the Michigan Public Community Colleges Manual for Uniform Financial Reporting, 1981, as revised.

Sec. 207. (1) Appropriations under this act shall not be expended in contemplation of federal or other matching funds until federal or other matching funds are available. The acceptance of federal or other matching funds does not obligate this state to continue programs after those funds are no longer available.

(2) A community college shall not establish special programs or expand existing programs beyond the scope of the programs of the community college already established and recognized by the legislature, including programs that may develop as a result of gifts or money received or available from the federal government, if that acceptance will require an obligation or expenditure of state funds.

(3) A community college shall pay the employer's contributions to the Michigan public school employees' retirement system created by the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws, as a condition of receiving funds appropriated under this act.

(4) A community college shall not pay an employer's contribution to more than 1 retirement fund providing benefits for an employee.

(5) An appropriation contained in this act shall not be used for the construction of buildings for or operations of a community college not expressly authorized in section 101. Funds appropriated in section 101 shall not be used to pay for the construction or maintenance of any self-liquidating project.

(6) The governing body of a community college shall reduce expenditures authorized by appropriations when it appears that actual revenues for a fiscal period will fall below the revenue estimates on which appropriations for that period were based.

(7) Except as otherwise provided in this subsection, money appropriated in section 101 shall not be used for travel outside the United States. This subsection does not apply to expenses of students, administrators, faculty, or college

trustees necessarily incurred for involvement in a foreign study program offered by a community college, for travel to fulfill a reciprocal education program with a postsecondary educational institution, or for program-specific curriculum, educational, or exchange policy discussions with a foreign postsecondary institution or government.

Sec. 208. Each community college shall report to the house and senate fiscal agencies, the department of education, and the department of management and budget a modification in credit or contact hour tuition or mandatory non-course-related student fees not later than 30 days after the modification is established by the college governing board.

Sec. 209. The appropriations made and the expenditures authorized under this act and the departments, agencies, commissions, boards, offices, and programs for which an appropriation is made under this act are subject to the management and budget act, Act No. 431 of the Public Acts of 1984, being sections 18.1101 to 18.1594 of the Michigan Compiled Laws.

Sec. 210. A community college shall develop a plan to increase the number of minority students in meeting the continuing educational needs of all Michigan citizens. Individual plans shall be submitted by the colleges to the department of education to be included with the activity classification data published by the department.

Sec. 211. Each community college shall report to the department of education, the house and senate appropriations committees, and the house and senate fiscal agencies the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The report shall be made not later than November 15, 1996.

Sec. 212. Each community college shall submit the following information relating to the community college to the civil rights commission and the house and senate appropriations subcommittees on community colleges in a format established by the department of civil rights and the community colleges that incorporates the requirements of state and federal law:

(a) An affirmative action plan for employment of minorities, women, and handicappers including the plan requirements set forth in executive directive 1979-4.

(b) A statistical report for minorities and women employees for the most recent school year as submitted to the federal government on the EEO-6 form.

(c) A statistical report for the most recent school year that includes enrollment statistics for minorities and women as submitted to the department of education.

Sec. 213. The department of education shall annually collect and compile as part of the activity classification structure report the tax revenue losses to community colleges resulting from tax increment financing authorities and tax abatements.

Sec. 214. (1) Guidelines and procedures developed by the Michigan department of education, the Michigan commission on Indian affairs, and each state supported community college shall be used to ensure accurate and consistent reporting and auditing of North American Indian student enrollments. Community college financial aid programs shall comply with all of the guidelines and procedures developed pursuant to this section.

(2) As used in this section, "North American Indian" means that term as defined in section 2 of Act No. 174 of the Public Acts of 1976, being section 390.1252 of the Michigan Compiled Laws, or a person certified as a North American Indian by a tribal organization.

Sec. 216. For the fiscal year beginning October 1, 1996, community colleges shall systematically inform Michigan high schools of the aggregate academic status of students in a manner prescribed by the Michigan community college association and in cooperation with the Michigan association of secondary school principals.

STATE AID-OPERATIONS

Sec. 301. Unless otherwise stated, all data items used in determining state aid in this act are as defined in the Michigan Public Community Colleges Manual for Uniform Financial Reporting, 1981, as revised, which shall be the basis for reporting data, and the Michigan Community Colleges Activities Classification Structure, 1981, as revised, which shall be used to document financial needs of the community colleges.

Sec. 302. A community college shall not include in the enrollment report any student credit hours or student contact hours for a student taking a college course to complete high school graduation requirements or generated by a student incarcerated in a Michigan penal institution. Exclusion of these students is intended to avoid the payment of state aid

under this act for the same individuals for whom a community college has already been reimbursed under the state school aid act of 1979, Act No. 94 of the Public Acts of 1979, being sections 388.1601 to 388.1772 of the Michigan Compiled Laws, for completion of high school requirements or for whom reimbursement is provided by the state correctional system.

Sec. 303. A community college receiving funding under this act that extends employee benefits to the unmarried partners of the community college's employees shall furnish all program and financial information that is required by and in a manner prescribed by the director of the department of management and budget or by the house or senate appropriations committee.

Sec. 304. A community college receiving funding under this act that extends employee benefits to the unmarried partners of the community college's employees shall have its appropriation reduced by an amount equal to the cost of extending employee benefits to the unmarried partners of the community college's employees.

GRANTS

Sec. 401. (1) The community college at-risk student success program is continued. For the fiscal year ending on September 30, 1997, money allocated to community colleges under the at-risk student success program may be used, at the discretion of the college, for the acquisition, enhancement, or upgrade of equipment and software related to telecommunications, computers or computer systems, or other technologies for use by students, faculty, or administrators. Equipment and software purchased with at-risk student success program money need not be associated with the operation of a program designed to address the needs of at-risk students. Expenditures of at-risk student success program money for the acquisition, enhancement, or upgrade, of technologies are subject to subsections (6), (7), and (8). The funding shall be prorated among community colleges based on the number of student contact hours for developmental and preparatory instruction reported by each community college to the department of education for use in the Michigan Community Colleges Activities Classification Structure, 1981, as revised. Of the amount appropriated in section 101 for the at-risk student success program, \$1,120,000.00 is allocated for base grants of \$40,000.00 each, to address the special needs of at-risk students at community colleges or the acquisition or upgrade of technology related equipment and software.

(2) Of the amount appropriated in section 101 for the at-risk student success program, the balance of the appropriated funds shall be distributed on a proration utilizing the sum of the most recent 3 years developmental/preparatory contact hours divided by the sum of the 3-year total contact hours at each college. Each community college's percentage shall be divided by the sum of all such percentages systemwide to obtain each community college's prorated grant amount.

(3) For the fiscal year ending September 30, 1997, the at-risk student success program money is allocated as follows:

Alpena Community College	\$ 123,629
Bay de Noc Community College.....	116,923
Delta College	106,535
Glen Oaks Community College	119,101
Gogebic Community College.....	71,090
Grand Rapids Community College.....	65,252
Henry Ford Community College	147,155
Jackson Community College.....	110,482
Kalamazoo Valley Community College.....	119,821
Kellogg Community College	133,863
Kirtland Community College.....	142,964
Lake Michigan College	179,622
Lansing Community College	108,792
Macomb Community College.....	84,175
Mid-Michigan Community College	119,919
Monroe Community College	97,409
Montcalm Community College	78,126
Mott Community College	106,507
Muskegon Community College.....	183,462
North Central Michigan College.....	111,002
Northwestern Michigan College	130,573
Oakland Community College.....	162,405
St. Clair Community College.....	76,356

Schoolcraft College.....	\$	169,917
Southwestern Michigan College.....		166,421
Washtenaw Community College.....		133,533
Wayne County Community College.....		203,992
West Shore Community College.....		128,112

(4) For the purposes of this section, "at-risk students" means students who meet 1 or more of the following criteria:

(a) Are initially placed in 1 or more developmental courses as a result of standardized testing or as a result of failure to make satisfactory academic progress.

(b) Are diagnosed as learning disabled.

(c) Require English as a second language (ESL) assistance.

(5) Grant funding under this section shall be used only for the acquisition, enhancement, or upgrade of equipment and software related to telecommunications, computers or computer systems, or other technologies for use by students, faculty, or administrators or for activities related to services provided to at-risk students. Activities related to services provided to at-risk students include, but are not limited to, pretesting for academic ability, counseling contacts, and special programs.

(6) Grant funding under this section shall not be used for indirect costs including, but not limited to, rent, utilities, or, except as provided in this section, college administration.

(7) Each community college shall report to the house and senate appropriations subcommittees on community colleges, the house and senate fiscal agencies, and the director of the department of management and budget a summary of all accomplishments under, expenditures for, and compliance with the intent of this program, including the number of at-risk students served. The report is subject to audit as provided for in section 203(1). The report shall be submitted not later than 90 days after the end of the state's fiscal year.

(8) Each community college receiving grant money under this section shall, not more than 12 months after receipt of that money, certify to the state treasurer, the department of management and budget, the house and senate fiscal agencies, and the auditor general whether all the grant money is expended or encumbered. The money not expended or encumbered shall lapse to the general fund.

Sec. 402. It is the intent of the legislature that any executive or legislative proposal or action, subsequent to the adoption of a recommendation for appropriations for community colleges for the fiscal year ending September 30, 1997, to increase appropriations to state supported 4-year universities in excess of the governor's original recommendation for the fiscal year ending September 30, 1997, will be accompanied by a similar action or proposal for state supported community colleges.

Sec. 403. If the Michigan college tuition and fees credit, section 274 of the income tax act of 1967, Act No. 281 of the Public Acts of 1967, being section 206.274 of the Michigan Compiled Laws, is repealed effective for the 1996 tax year, an additional \$5,635,588.00 is appropriated from general fund-general purpose revenues to be allocated to public community colleges for the fiscal year ending September 30, 1997, to be distributed as provided in sections 404 and 405.

Sec. 404. (1) An allocation of \$400,000.00 from the contingent appropriation in section 403 shall be used for the continuous quality improvement initiative to permit the state's public community colleges to review quality management practices. The grant is appropriated to a consortium of Michigan community colleges to be selected jointly by the chairs of the house and senate appropriation subcommittees on community colleges or their designees. The grants allocated under this section shall be administered by the consortium of Michigan community colleges.

(2) Of the funding in subsection (1) for the continuous quality improvement initiative, \$15,000.00 is allocated for an expert peer review panel. The funding may be used for costs associated with the panel's work including, but not limited to, travel and lodging expenses for panel members. The funds may be used for per diem payments to panel members at a rate determined appropriate by the department of management and budget. This expert peer review panel shall be composed of the following:

(a) Community college executives from outside Michigan who have substantial practical experience initiating total quality management practices.

(b) Private sector management executives who have substantial practical experience initiating total quality management practices.

(3) The expert peer review panel shall review grant applications made to the administering consortium under this section and recommend to the consortium grants for experienced institutions, evolving institutions, and staff development. The panel shall also evaluate the programs and practices funded under this section and shall report its findings and recommendations to the department of management and budget and the house and senate appropriations subcommittees on community colleges.

(4) To receive a grant under this section, an experienced institution shall apply to the administering consortium to expand its current continuous quality management practices and to develop a mentoring resource base for evolving institutions. No more than 3 grants, not to exceed \$50,000.00 each, shall be made to experienced institutions under this subsection. If less than 3 grants are awarded under this section, the remaining money shall be used to increase the number of evolving institutions receiving grants under subsection (5).

(5) To receive a grant under this section, an evolving institution shall apply to the administering consortium for a grant to initiate continuous quality management practices. No more than 5 grants, not to exceed \$40,000.00 each, shall be made to evolving institutions.

(6) Each institution receiving a grant under subsection (4) or (5) is also eligible to receive a staff development grant. Total funding for staff development grants shall not exceed \$25,000.00. Of this funding, 50% shall be used for cooperative staff development activities among the experienced institutions and evolving institutions.

(7) Of the appropriation in section 101 for the continuous quality improvement initiative, not more than \$10,000.00 may be used by the consortium of community colleges to administer this program. The administering consortium shall convene meetings of the expert review panel as necessary to carry out the requirements of this section and coordinate the staff development efforts under subsection (6). This funding may be used for costs associated with soliciting grant proposals, the production of all relevant and required written materials, and the meetings of the expert peer review panel. The administering consortium shall not include general management costs in the administration of this program and shall keep records of activities and expenditures associated with the administration of this grant program as required by the department of management and budget.

(8) As used in this section:

(a) "Experienced institution" means a community college that demonstrates to the expert review panel that it has had substantial experience with a quality management program that is referred to in management literature as "total quality management" or "continuous quality improvement".

(b) "Evolving institution" means a college that demonstrates to the expert review panel little or no experience with a quality management program described in subdivision (a) but demonstrates an interest and commitment to initiate a program.

Sec. 405. From the \$5,635,588.00 contingency appropriation in section 403, \$5,235,588.00 is allocated as provided in this section. The allocations shall be computed on the basis of a distribution of 75% of the money on an across the board basis, and 25% by using the Gast-Mathieu formula. The resulting allocations are as follows:

Alpena Community College	\$	86,196
Bay de Noc Community College		99,630
Delta College		252,928
Glen Oaks Community College		39,690
Gogebic Community College		62,587
Grand Rapids Community College		281,956
Henry Ford Community College		338,380
Jackson Community College		172,143
Kalamazoo Valley Community College		278,244
Kellogg Community College		174,558
Kirtland Community College		42,464
Lake Michigan College		106,551
Lansing Community College		502,237
Macomb Community College		590,206
Mid-Michigan Community College		81,882
Monroe Community College		97,473
Montcalm Community College		54,623
Mott Community College		299,947
Muskegon Community College		141,829
North Central Michigan College		52,547
Northwestern Michigan College		161,196
Oakland Community College		333,952
St. Clair Community College		114,529
Schoolcraft College		229,714
Southwestern Michigan College		119,900
Washtenaw Community College		238,741
Wayne County Community College		240,048
West Shore Community College		41,437

Sec. 406. Funds appropriated in section 101 shall not be used for the purchase of foreign goods and/or services if competitively priced and comparable quality American goods and/or services are available.

This act is ordered to take immediate effect.

Secretary of the Senate.

Clerk of the House of Representatives.

Approved -----

Governor.