



SENATE BILL No. 240

February 21, 2001, Introduced by Senators GAST, DE BEAUSSAERT, GEOUGEON, STILLE, JOHNSON, MC MANUS, SMITH and GOSCHKA and referred to the Committee on Appropriations.

EXECUTIVE BUDGET BILL

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2002; to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for community colleges

01036'01

and certain other state purposes relating to education for the fiscal year ending September 30, 2002, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

APPROPRIATION SUMMARY:

GROSS APPROPRIATION	\$	331,196,319
-------------------------------	----	-------------

Interdepartmental grants:

Total interdepartmental grants and intradepartmental transfers		0
--	--	---

ADJUSTED GROSS APPROPRIATION	\$	331,196,319
--	----	-------------

Federal revenues:

Total federal revenues		0
----------------------------------	--	---

Special revenue funds:

Total local revenues		0
--------------------------------	--	---

Total private revenues		0
----------------------------------	--	---

Total other state restricted revenues		10,000,000
---	--	------------

State general fund/general purpose	\$	321,196,319
--	----	-------------

Sec. 102. OPERATIONS

Alpena Community College	\$	5,341,642
------------------------------------	----	-----------

Bay de Noc Community College		5,177,657
--	--	-----------

Delta College		14,877,462
-------------------------	--	------------

Glen Oaks Community College		2,513,841
---------------------------------------	--	-----------

Gogebic Community College		4,371,328
-------------------------------------	--	-----------

Grand Rapids Community College		18,633,380
--	--	------------

Henry Ford Community College		22,863,124
--	--	------------

Jackson Community College		12,559,094
-------------------------------------	--	------------

Kalamazoo Valley Community College		13,054,081
--	--	------------

Kellogg Community College		10,176,902
-------------------------------------	--	------------

Kirtland Community College		3,062,888
--------------------------------------	--	-----------

1	Lake Michigan College	5,474,861
2	Lansing Community College	32,453,297
3	Macomb Community College	34,440,559
4	Mid Michigan Community College	4,627,904
5	Monroe County Community College	4,504,295
6	Montcalm Community College	3,234,506
7	C.S. Mott Community College	16,373,988
8	Muskegon Community College	9,309,644
9	North Central Michigan College	3,150,286
10	Northwestern Michigan College	9,524,786
11	Oakland Community College	21,687,988
12	St. Clair County Community College	7,282,036
13	Schoolcraft College	12,781,091
14	Southwestern Michigan College	6,896,360
15	Washtenaw Community College	13,112,716
16	Wayne County Community College	17,223,721
17	West Shore Community College	<u>2,394,779</u>
18	GROSS APPROPRIATION	\$ 317,104,216
19	Appropriated from:	
20	State general fund/general purpose	\$ 317,104,216
21	Sec. 103. GRANTS	
22	At-risk student success program	\$ 3,692,103
23	Renaissance zone tax reimbursement funding . . .	<u>400,000</u>
24	GROSS APPROPRIATION	\$ 4,092,103
25	Appropriated from:	
26	State general fund/general purpose	\$ 4,092,103
27	Sec. 104. FINANCIAL AID	
28	Post secondary access student scholarship program	\$ <u>10,000,000</u>
29	GROSS APPROPRIATION	\$ 10,000,000

Appropriated from:

Special revenue funds:

Michigan merit award trust fund 10,000,000

State general fund/general purpose \$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2001-2002 is \$331,196,319.00 and state spending from state resources to be paid to local units of government for fiscal year 2001-2002 is \$321,196,319.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

OPERATIONS

Alpena Community College	\$ 5,341,642
Bay de Noc Community College	5,177,657
Delta College	14,877,462
Glen Oaks Community College	2,513,841
Gogebic Community College	4,371,328
Grand Rapids Community College	18,633,380
Henry Ford Community College	22,863,124
Jackson Community College	12,559,094
Kalamazoo Valley Community College	13,054,081
Kellogg Community College	10,176,902
Kirtland Community College	3,062,888
Lake Michigan College	5,474,861
Lansing Community College	32,453,297
Macomb Community College	34,440,559

1	Mid Michigan Community College	4,627,904
2	Monroe County Community College	4,504,295
3	Montcalm Community College	3,234,506
4	C.S. Mott Community College	16,373,988
5	Muskegon Community College	9,309,644
6	North Central Michigan College	3,150,286
7	Northwestern Michigan College	9,524,786
8	Oakland Community College	21,687,988
9	St. Clair County Community College	7,282,036
10	Schoolcraft College	12,781,091
11	Southwestern Michigan College	6,896,360
12	Washtenaw Community College	13,112,716
13	Wayne County Community College	17,223,721
14	West Shore Community College	2,394,779

15 GRANTS

16	At risk student success program	3,692,103
17	Renaissance zone tax reimbursement funding	400,000
18	TOTAL \$	321,196,319

19 Sec. 202. The appropriations authorized under this bill are
 20 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
 21 18.1594.

22 Sec. 203. Unless otherwise specified, the department shall use
 23 the Internet to fulfill the reporting requirements of this bill. This
 24 may include transmission of reports via electronic mail to the
 25 recipients identified for each reporting requirement, or it may
 26 include placement of reports on an Internet or Intranet site.
 27 Quarterly, the department shall provide to the appropriations
 28 subcommittee members, state budget office, and the fiscal agencies an
 29 electronic and paper copy listing of the reports submitted during the
 30 most recent 3-month period along with the Internet or Intranet site of

1 each report, if any.

2 Sec. 204. (1) The money appropriated in this bill is appropriated
3 for community colleges with fiscal years ending June 30, 2002, and
4 shall be paid out of the state treasury and distributed by the state
5 treasurer to the respective community colleges in 11 monthly
6 installments on the sixteenth of each month, or the next succeeding
7 business day, beginning with October 16, 2001. Each community college
8 shall accrue its July and August 2002 payments to its institutional
9 fiscal year ending June 30, 2002. However, if a community college
10 fails to submit all verified Michigan community colleges activities
11 classification structure data for school year 2000-2001 to the
12 department of career development by November 1, 2001, the monthly
13 installments shall be withheld from that community college until those
14 data are submitted. The department of career development shall publish
15 the activities classification structure data book for Michigan
16 community colleges on or before March 1, 2002, for use by the
17 legislature during budget development for the fiscal year ending
18 September 30, 2003. The amount from the money appropriated in part 1
19 that is allocated under section 103 to address the special needs of
20 at-risk students shall be paid in full by the state treasurer by
21 November 1, 2001. The amount distributed to a community college or
22 department shall not exceed the net state allocation authorized by
23 this bill.

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

30 Sec. 205. (1) The auditor general or an independent public

1 accounting firm appointed by the auditor general shall audit data for
2 the fiscal year ending on June 30, 2001, as submitted to the
3 department of career development by 7 randomly selected community
4 colleges. A community college shall maintain and provide those records
5 necessary for the auditor general or certified public accountant
6 appointed by the auditor general to determine the accuracy of the
7 reported data. The audits shall be based upon the definitions and
8 requirements contained in the Manual for Uniform Financial Reporting,
9 Michigan Public Community Colleges, published by the Michigan state
10 board of education in 1981, and the Activities Classification
11 Structure Manual for Michigan Community Colleges, 1996 revision of the
12 final report of the activities classification structure task force
13 (July 1981), published by the department of education. Before the
14 submission of a final audit report, a community college may appeal the
15 findings of the preliminary report under an appeal process to be
16 established by the auditor general. The auditor general shall submit a
17 report of the findings to the house and senate appropriations
18 committees, the department of career development, and the state budget
19 director before June 1, 2002.

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

24 (3) Not more than 60 days after an audit report is released by the
25 office of the auditor general, the principal executive officer of the
26 community college that was audited shall submit to the house and
27 senate appropriations committees, the house and senate fiscal
28 agencies, the department of career development, the auditor general,
29 and the state budget director a plan to comply with audit
30 recommendations. The plan shall contain projected dates and resources

1 required, if any, to achieve compliance with the audit
2 recommendations, or a documented explanation of the college's
3 noncompliance with the audit recommendations concerning the matters on
4 which the audited community college and office of the auditor general
5 disagree.

6 (4) A community college whose audited activities classification
7 structure data is significantly different than the data used to
8 determine state aid under this act shall return any overappropriated
9 money as provided in this section. The department of career
10 development shall compare formula computations for the audited
11 colleges using pre- and post-audit data. If the state allocation is 2%
12 or more than the post-audit allocation amount, the college shall
13 return the excess money. The returned money shall be redistributed to
14 all 28 community colleges, prorated on the base appropriations
15 contained in part 1.

16 Sec. 206. The department of career development shall review the
17 taxonomy of the 7 community colleges selected for the audit under
18 section 205 that is based on the Activities Classification Structure
19 Manual for Michigan Community Colleges, 1996 revision of the final
20 report of the activities classification structure task force (July
21 1981), published by the department of education.

22 Sec. 207. (1) A community college shall retain certified class
23 summaries, class lists, registration documents, and student
24 transcripts that are consistent with the taxonomy of courses. For
25 each enrollment period during the fiscal year, these certified
26 documents shall identify clearly by course the number of in-district
27 and out-of-district student credit and contact hours. The class
28 summaries and class lists shall be consistent with each other and
29 shall include the course prefix and numbers, course title, course
30 credit and contact hours, credit and contact hours generated by each

1 student, and activity classifications consistent with the taxonomy.
2 An auditable process shall be used by the community college to
3 determine the unduplicated head count for in-district students, out-
4 of-district students, and prisoners for each enrollment period during
5 the fiscal year.

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

9 Sec. 208. Each community college shall have an annual audit of all
10 income and expenditures performed by an independent auditor and shall
11 furnish the independent auditor's management letter and an annual
12 audited accounting of all general and current funds income and
13 expenditures including audits of college foundations to the
14 legislature, the senate and house fiscal agencies, the auditor
15 general, the department of career development, and the state budget
16 director before November 15, 2001. If a community college fails to
17 furnish the audit materials, the monthly state aid installments shall
18 be withheld from that college until the information is submitted. All
19 reporting shall conform to the requirements set forth in the Manual
20 for Uniform Financial Reporting, Michigan Public Community Colleges,
21 published by the Michigan state board of education in 1981.

22 Sec. 209. (1) A community college shall pay the employer's
23 contributions to the Michigan public school employees' retirement
24 system created by the public school employees retirement act of 1979,
25 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of receiving money
26 appropriated under this bill.

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

29 Sec. 210. An appropriation contained in this bill shall not be
30 used for the construction of buildings for, or operations of, a

1 community college not expressly authorized in part 1. Money
2 appropriated in part 1 shall not be used to pay for the construction
3 or maintenance of a self-liquidating project.

4 Sec. 211. (1) Each community college shall report the following to
5 the department of career development, no later than November 1, 2001:

6 (a) The number of North American Indian students enrolled each
7 term for the previous fiscal year, using guidelines and procedures
8 developed by the department of career development and the Michigan
9 commission on Indian affairs.

10 (b) The number of Indian tuition waivers granted each term, and
11 the monetary value of the waivers for the previous fiscal year.

12 (2) Colleges shall use the criteria cited in 1976 PA 174, MCL
13 390.1251 to 390.1253, to determine eligibility for tuition waivers,
14 and shall grant those waivers to individuals who meet the criteria and
15 request tuition waivers.

16 (3) The department of career development shall compile the
17 information received under subsection (1) and shall submit this
18 compilation to the house and senate appropriations subcommittees on
19 community colleges, the senate and house fiscal agencies, and the
20 state budget director by January 7, 2002.

21 Sec. 212. From the general fund/general purpose appropriation in
22 part 1 there is allocated \$400,000.00 to make reimbursement to
23 community colleges, as provided by section 12 of the Michigan
24 renaissance zone act, 1996 PA 376, MCL 125.2692, for property taxes
25 levied in 2001. Reimbursements shall be made in amounts to each
26 eligible recipient no later than 60 days after the department of
27 treasury certifies to the state budget director that it has received
28 all necessary information to properly determine the amounts due each
29 eligible recipient under section 12 of the Michigan renaissance zone
30 act, 1996 PA 376, MCL 125.2692. Excess allocations shall lapse to the

1 general fund.

2 Sec. 213. (1) Upon request, a community college shall inform
3 interested Michigan high schools of the aggregate academic status of
4 its students for the fiscal year beginning October 1, 2001, in a
5 manner prescribed by the Michigan community college association and in
6 cooperation with the Michigan association of secondary school
7 principals.

8 (2) Each community college shall report by December 1, 2001, to
9 the department of career development, a summary of the information
10 provided under subsection 1 for the prior academic year.

11 (3) The department of career development shall compile the
12 information received under subsection 2 and shall submit this
13 compilation to the house and senate appropriations subcommittees on
14 community colleges, the house and senate fiscal agencies, and the
15 state budget director by February 1, 2002.

16 Sec. 214. (1) Recognizing the critical importance of education in
17 strengthening Michigan's workforce, the legislature encourages the
18 state's public community colleges to explore ways of increasing
19 collaboration and cooperation with 4-year universities, particularly
20 in the areas related to training, instruction, and program
21 articulation.

22 (2) Community colleges shall report by December 1, 2001 to the
23 department of career development on steps they have taken to increase
24 collaboration and cooperation with 4-year universities under
25 subsection (1).

26 (3) The department of career development shall compile the
27 information received under subsection (2) and shall submit this
28 compilation to the house and senate appropriations subcommittees on
29 community colleges, the senate and house fiscal agencies, and state
30 budget office by January 7, 2002.

1 Sec. 215. (1) Each community college shall report to the
2 department of career development the numbers and type of associate
3 degrees and other certificates awarded during the previous fiscal
4 year. The report shall be made not later than November 15, 2001.

5 (2) The department of career development shall compile the
6 information received under subsection (1) and shall submit this
7 compilation to the house and senate appropriations subcommittees on
8 community colleges, the senate and house fiscal agencies, and the
9 state budget director by January 7, 2002.

10 Sec. 216. A community college receiving funding under this bill
11 and also subject to the student right-to-know and campus security act,
12 Public Law 101-542, 104 Stat. 2381, shall make a copy of all material
13 prepared in accordance with the public information reporting
14 requirements under the crime awareness and campus security act of
15 1990, title II of the student right-to-know and campus security act,
16 Public Law 101-542, 104 Stat. 2384, available in hard copy and
17 electronic format accessible through the Internet for school
18 districts, parents, and students.

19 **STATE AID-OPERATIONS**

20 Sec. 301. Unless otherwise stated, all data items used in
21 determining state aid in this bill are as defined in the Manual for
22 Uniform Financial Reporting, Michigan Public Community Colleges,
23 published by the Michigan state board of education in 1981, which
24 shall be the basis for reporting data, and the Activities
25 Classification Structure Manual for Michigan Community Colleges, 1996
26 revision of the final report of the activities classification
27 structure task force (July 1981), published by the department of
28 education, which shall be used to document financial needs of the
29 community colleges.

30 Sec. 302. A community college shall not include in the enrollment

report any student credit hours or student contact hours for 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 reimbursement is provided by the state correctional system.

GRANTS

Sec. 401. (1) The community college at-risk student success program is continued. 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 career development for use in the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education. Of the amount appropriated in part 1 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 part 1 for the at-risk student success program, the balance of the appropriated money 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 the percentages systemwide to obtain each community college's prorated grant amount.

(3) For the fiscal year ending September 30, 2002, the at-risk student success program money is allocated as follows:

Alpena Community College	\$	104,004
------------------------------------	----	---------

1	Bay de Noc Community College	98,650
2	Delta College	110,240
3	Glen Oaks Community College	135,832
4	Gogebic Community College	78,902
5	Grand Rapids Community College	74,179
6	Henry Ford Community College	164,807
7	Jackson Community College	113,768
8	Kalamazoo Valley Community College	113,499
9	Kellogg Community College	158,343
10	Kirtland Community College	158,732
11	Lake Michigan College	192,554
12	Lansing Community College	157,864
13	Macomb Community College	91,038
14	Mid Michigan Community College	129,419
15	Monroe Community College	99,275
16	Montcalm Community College	71,694
17	C.S. Mott Community College	109,157
18	Muskegon Community College	213,016
19	North Central Michigan College	178,336
20	Northwestern Michigan College	120,677
21	Oakland Community College	159,354
22	St. Clair Community College	80,413
23	Schoolcraft College	150,164
24	Southwestern Michigan College	180,632
25	Washtenaw Community College	161,709
26	Wayne County Community College	149,384
27	West Shore Community College	136,461

28 (4) As used in this bill, "at-risk students" means students who
29 meet 1 or more of the following criteria:

30 (a) Are initially placed in 1 or more developmental courses as a

1 result of standardized testing or as a result of failure to make
2 satisfactory academic progress.

3 (b) Are diagnosed as learning disabled.

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

5 (5) Grant funding under this section shall be utilized to address
6 the special needs of at-risk students or for equipment or upgrade of
7 information technology hardware or software. Activities related to
8 services provided to at-risk students include, but are not limited to,
9 pretesting for academic ability, counseling contacts, and special
10 programs. Equipment or information technology hardware or software
11 purchased under this section need not be associated with the operation
12 of a program designed to address the needs of at-risk students.

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

16 (7) Each community college shall report to the department of
17 career development a summary of all accomplishments under,
18 expenditures for, and compliance with the intent of this program,
19 including the number of at-risk students served. The report is
20 subject to audit as provided for in section 205(1). The report shall
21 be submitted not later than 90 days after the end of the state's
22 fiscal year. The department of career development shall compile the
23 information received under this subsection and shall submit this
24 compilation to the house and senate appropriations subcommittees on
25 community colleges, the senate and house fiscal agencies, and the
26 state budget director by 120 days after the end of the state's fiscal
27 year.

28 Sec. 402. (1) The Michigan postsecondary access student
29 scholarship (PASS) program is established to provide a PASS award as
30 calculated under this section for a student who is eligible under

1 subsections (2), (3), or (4). The Michigan higher education
2 assistance authority (MHEAA) shall administer the PASS program, for
3 which there is \$10,000,000.00 appropriated in part 1, and the PASS
4 program shall comply with the requirements of this section.

5 (2) A student is eligible for a PASS award for the equivalent of 2
6 years of full-time college enrollment if the student meets all of the
7 following:

8 (a) The student must be a Michigan resident enrolled in a program
9 leading to an associate degree that was in existence as of January 1,
10 2000, at a Michigan public community college, Michigan public
11 university, or Michigan independent nonprofit, degree-granting college
12 or university.

13 (b) The student must be enrolled at least half-time.

14 (c) The student must be younger than 22 years old at the time of
15 enrollment.

16 (d) The student must have scored at level 1 or level 2 on the high
17 school Michigan education assessment program (MEAP) tests in reading,
18 writing, mathematics, and science.

19 (e) The student must be eligible for a federal Pell grant.

20 (f) Other requirements established by the MHEAA.

21 (3) A student who meets all the requirements of subsection (2),
22 other than subsection (2)(d), but has taken the high school MEAP tests
23 in reading, writing, mathematics, and science while in high school
24 shall receive a PASS award for 1 year of college enrollment. If the
25 student maintains satisfactory academic progress in that first year of
26 college enrollment, the student shall receive a PASS award for a
27 second year of college enrollment.

28 (4) A student who is 22 years old or older who meets all the
29 requirements of subsection (2), other than subsection (2)(c) and (d),
30 shall receive a maximum \$500.00 PASS award, not to exceed tuition and

1 fees, for the second year of college enrollment. A student may qualify
2 under this section whether or not the student took any of the high
3 school MEAP tests.

4 (5) PASS award eligibility is limited to 2 semesters or 3 terms in
5 any academic year.

6 (6) A PASS award for a student eligible under subsections (2),
7 (3), or (4) shall be calculated by the MHEAA as the amount remaining
8 after subtracting from the value of the student's allowable tuition
9 and fees, as prescribed in subsection (8), all of the following state
10 and federal financial educational assistance for which that student is
11 eligible:

12 (a) Michigan competitive scholarship.

13 (b) Michigan tuition grant.

14 (c) Pell grant.

15 (d) Federal hope scholarship tax credit.

16 (7) The department of treasury shall prepare, and MHEAA shall
17 utilize, a tax credit table that imputes an amount to be subtracted
18 under subsection (6) for the federal hope scholarship tax credit.

19 (8) The value of a student's allowable tuition and fees is as
20 follows:

21 (a) For a student enrolled at a Michigan community college, the
22 value of allowable tuition and fees is the in-district tuition and
23 fees. For a student who does not reside within a community college
24 district, the value of allowable tuition and fees is the out-of-
25 district tuition and fees for the community college that the student
26 is attending.

27 (b) For a student enrolled at a Michigan public university, the
28 value of allowable tuition and fees is the lower-level resident
29 tuition and fees for that public university.

30 (c) For a student enrolled at a Michigan independent, nonprofit,

1 degree-granting college or university, the value of allowable tuition
2 and fees is the average, lower-level resident tuition and fees for all
3 Michigan public universities for the immediately preceding academic
4 year as reported before August 1 after that academic year.

5 (9) The MHEAA shall remit an eligible student's PASS award to a
6 higher education institution in accordance with procedures established
7 by the MHEAA.

8 (10) The PASS award may be utilized by the student to pay costs of
9 attendance as determined by the MHEAA.

10 (11) The PASS program shall not be applied for a student's
11 theology or divinity courses.

12 (12) The MHEAA shall develop an application and eligibility
13 determination process that ensures that all of the requirements
14 prescribed by this section are met.

15 (13) Students who are expected to receive a tuition incentive
16 program scholarship are not eligible for the PASS program.