

HOUSE BILL No. 5615

February 26, 2004, Introduced by Rep. Sak 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, 2005; 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

1 amounts listed in this part are appropriated for community colleges and
 2 certain other state purposes relating to education for the fiscal year
 3 ending September 30, 2005, from the funds indicated in this part. The
 4 following is a summary of the appropriations in this part:

5 **COMMUNITY COLLEGES**

6 APPROPRIATIONS SUMMARY:

7 GROSS APPROPRIATION \$ 285,747,000

8 Appropriated from:

9 Interdepartmental grant revenues:

10 Total interdepartmental grants and intradepartmental

11 Transfers 0

12 ADJUSTED GROSS APPROPRIATION..... \$ 285,747,000

13 Total federal revenues 0

14 Total local revenues 0

15 Total private revenues 0

16 Total other state restricted revenues..... 0

17 State general fund/general purpose..... \$ 285,747,000

18 **Sec. 102. OPERATIONS**

19 Alpena Community College \$ 4,566,700

20 Bay de Noc Community College..... 4,415,100

21 Delta College 12,348,100

22 Glen Oaks Community College..... 2,071,700

23 Gogebic Community College..... 3,777,400

24 Grand Rapids Community College..... 15,531,800

25 Henry Ford Community College..... 18,928,600

26 Jackson Community College..... 10,478,000

27 Kalamazoo Valley Community College..... 10,691,000

1	Kellogg Community College.....	8,399,600
2	Kirtland Community College.....	2,549,300
3	Lake Michigan College	4,520,700
4	Lansing Community College.....	26,859,500
5	Macomb Community College	28,658,300
6	Mid Michigan Community College.....	3,823,000
7	Monroe County Community College.....	3,719,400
8	Montcalm Community College.....	2,690,400
9	C.S. Mott Community College.....	13,579,600
10	Muskegon Community College.....	7,727,900
11	North Central Michigan College.....	2,617,500
12	Northwestern Michigan College.....	7,885,600
13	Oakland Community College.....	18,077,900
14	St. Clair County Community College.....	6,055,400
15	Schoolcraft College	10,610,000
16	Southwestern Michigan College.....	5,695,500
17	Washtenaw Community College.....	10,783,700
18	Wayne County Community College.....	13,940,000
19	West Shore Community College.....	<u>1,985,800</u>
20	GROSS APPROPRIATION	\$ 262,987,500
21	Appropriated from:	
22	State general fund/general purpose.....	\$ 262,987,500
23	Sec. 103. TUITION RESTRAINT INCENTIVE	
24	Alpena Community College	\$ 295,800
25	Bay de Noc Community College.....	286,000
26	Delta College	800,000
27	Glen Oaks Community College.....	134,200

1	Gogebic Community College.....	244,800
2	Grand Rapids Community College.....	1,006,200
3	Henry Ford Community College.....	1,226,200
4	Jackson Community College.....	678,800
5	Kalamazoo Valley Community College.....	692,600
6	Kellogg Community College.....	544,200
7	Kirtland Community College.....	165,200
8	Lake Michigan College	292,800
9	Lansing Community College.....	1,740,000
10	Macomb Community College	1,856,400
11	Mid Michigan Community College.....	247,600
12	Monroe County Community College.....	241,000
13	Montcalm Community College.....	174,200
14	C.S. Mott Community College.....	879,800
15	Muskegon Community College.....	500,600
16	North Central Michigan College.....	169,600
17	Northwestern Michigan College.....	510,800
18	Oakland Community College.....	1,171,200
19	St. Clair Community College.....	392,200
20	Schoolcraft College	687,400
21	Southwestern Michigan College.....	369,000
22	Washtenaw Community College.....	698,600
23	Wayne County Community College.....	903,000
24	West Shore Community College.....	<u>128,600</u>
25	GROSS APPROPRIATION	\$ 17,036,800
26	Appropriated from:	
27	State general fund/general purpose.....	\$ 17,036,800

Sec. 104. GRANTS

At-risk student success program.....	\$	3,322,700
Renaissance zone tax reimbursement funding.....		<u>2,400,000</u>
GROSS APPROPRIATION	\$	5,722,700

Appropriated from:

State general fund/general purpose.....	\$	5,722,700
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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 2004-2005 is \$285,747,000.00 and state spending from state resources to be paid to units of local government for fiscal year 2004-2005 is \$285,747,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

Operations	\$	262,987,500
Tuition restraint incentive.....		17,036,800
At-risk student success program.....		3,322,700
Renaissance zone tax reimbursement program.....		<u>2,400,000</u>
TOTAL	\$	285,747,000

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

Sec. 203. Unless otherwise specified, the community colleges receiving appropriations in part 1 and the department of labor and economic growth shall use the Internet to fulfill the reporting requirements of this bill. This requirement may include transmission

1 of reports via electronic mail to the recipients identified for each
2 reporting requirement or it may include placement of reports on an
3 Internet or Intranet site.

4 Sec. 204. (1) The money appropriated in this bill is appropriated
5 for community colleges with fiscal years ending June 30, 2005, and
6 shall be paid out of the state treasury and distributed by the state
7 treasurer to the respective community colleges in 11 monthly
8 installments on the sixteenth of each month, or the next succeeding
9 business day, beginning with October 16, 2004. Each community college
10 shall accrue its July and August 2005 payments to its institutional
11 fiscal year ending June 30, 2005. However, if a community college
12 fails to submit all verified Michigan community colleges activities
13 classification structure data for school year 2003-2004 to the
14 department of labor and economic growth by November 1, 2004, the
15 monthly installments shall be withheld from that community college
16 until those data are submitted.

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

23 Sec. 205. (1) A community college shall pay the employer's
24 contributions to the Michigan public school employees' retirement
25 system created by the public school employees retirement act of 1979,
26 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of receiving money
27 appropriated under this bill.

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

3 Sec. 206. Money appropriated in part 1 shall not be used to pay for
4 the construction or maintenance of a self-liquidating project. Any
5 construction, renovation, or other capital outlay project that exceeds
6 \$1,000,000.00 requires the approval of a use and finance statement by
7 the joint capital outlay subcommittee (JCOS) pursuant to JCOS policy.

8 Sec. 207. (1) The amount allocated in section 103 for community
9 college tuition restraint shall only be paid to a community college
10 certifying to the state budget director by June 30, 2004, that it did
11 not adopt an increase in tuition and fee rates after December 1, 2003,
12 for the 2003-2004 academic year and that it will not adopt tuition and
13 fee rate increases for the 2004-2005 academic year that exceed the
14 projected 2005 increase in the Detroit consumer price index as
15 determined at the January 14, 2004, consensus revenue estimating
16 conference.

17 (2) For the purposes of subsection 1 and section 251 of 2003 PA
18 237, a community college that adopted an increase in tuition and fee
19 rates after December 1, 2003, for the 2003-2004 academic year, but
20 subsequently rebated to its students an amount equal to this increase
21 prior to June 30, 2004, shall be considered to have not adopted a
22 tuition and fee increase for the 2003-2004 academic year.

23 (3) The state budget director shall implement a reporting
24 requirement to ensure that a community college receiving an allocation
25 under section 103 has satisfied the tuition restraint requirements of
26 this section.

27 Sec. 208. The department of labor and economic growth shall work

1 collaboratively with community colleges to develop an accelerated
2 entrepreneurship curriculum, including an associate degree, to provide
3 students with the skills and knowledge needed for creating their own
4 businesses.

5 Sec. 209. Funds appropriated in part 1 shall not be used for the
6 purchase of foreign goods or services, or both, if competitively priced
7 and comparable quality American goods or services, or both, are
8 available. Preference should be given to goods and services or both,
9 manufactured or provided by Michigan businesses if they are
10 competitively priced and of comparable value.

11 **STATE AID - OPERATIONS**

12 Sec. 301. Unless otherwise stated, all data items used in
13 determining state aid in this bill are as defined in the 2001 Manual
14 for Uniform Financial Reporting, Michigan Public Community Colleges
15 which shall be the basis for reporting data, and the 2003 Activities
16 Classification Structure Manual for Michigan Community Colleges which
17 shall be used to document financial needs of the community colleges.

18 Sec. 302. A community college shall not include in the enrollment
19 data reported for determining state aid under this bill any student
20 credit hours or student contact hours for a student incarcerated in a
21 Michigan penal institution. Exclusion of these students is intended to
22 avoid the payment of state aid under this bill for the same individuals
23 for whom reimbursement is provided by the state correctional system.

24 Sec. 303. A community college selected for audit under section 502
25 whose audited activities classification structure data is significantly
26 different than the data used to determine state aid under this bill
27 shall return any overappropriated money. The department of labor and

1 economic growth shall compare formula computations for the audited
2 colleges using pre- and post-audit data. If the state allocation is 2%
3 or more than the post-audit allocation amount, the college shall return
4 the excess money. The returned money shall be redistributed to all 28
5 community colleges, prorated on the base appropriations contained in
6 part 1.

7 GRANTS

8 Sec. 401. (1) The community college at-risk student success program
9 is continued. The funding shall be prorated among community colleges
10 based on the number of student contact hours for developmental and
11 preparatory instruction reported by each community college to the
12 department of labor and economic growth pursuant to the 2003 Activities
13 Classification Structure Manual for Michigan Community Colleges. Of
14 the amount appropriated in part 1 for the at-risk student success
15 program, \$1,120,000.00 is allocated for base grants of \$40,000.00 each
16 to address the special needs of at-risk students at community colleges
17 or the acquisition or upgrade of technology-related equipment and
18 software.

19 (2) Of the amount appropriated in part 1 for the at-risk student
20 success program, the balance of the appropriated money shall be
21 distributed on a proration utilizing the sum of the most recent 3 years
22 developmental/preparatory contact hours divided by the sum of the 3-
23 year total contact hours at each college. Each community college's
24 percentage shall be divided by the sum of all the percentages
25 systemwide to obtain each community college's prorated grant amount.

26 (3) For the fiscal year ending September 30, 2005, the at-risk
27 student success program money is allocated as follows:

1	Alpena Community College	\$	72,300
2	Bay de Noc Community College		83,900
3	Delta College		99,700
4	Glen Oaks Community College		125,600
5	Gogebic Community College		70,700
6	Grand Rapids Community College		111,500
7	Henry Ford Community College		146,000
8	Jackson Community College		98,100
9	Kalamazoo Valley Community College		93,800
10	Kellogg Community College		146,200
11	Kirtland Community College		133,000
12	Lake Michigan College		155,000
13	Lansing Community College		142,600
14	Macomb Community College		83,600
15	Mid Michigan Community College		126,800
16	Monroe County Community College		91,300
17	Montcalm Community College		67,200
18	C.S. Mott Community College		100,700
19	Muskegon Community College		183,300
20	North Central Michigan College		117,500
21	Northwestern Michigan College		124,600
22	Oakland Community College		144,000
23	St. Clair Community College		92,000
24	Schoolcraft College		130,400
25	Southwestern Michigan College		141,500
26	Washtenaw Community College		158,400
27	Wayne County Community College		161,200

1 West Shore Community College 121,800

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

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

7 (b) Are diagnosed as learning disabled.

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

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

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

20 (7) Each community college shall report to the department of
21 labor and economic growth a summary of all accomplishments under,
22 expenditures for, and compliance with the intent of this program,
23 including the number of at-risk students served. The report is subject
24 to audit as provided for in section 502(1). The report shall be
25 submitted not later than 90 days after the end of the state's fiscal
26 year.

27 Sec. 402. The appropriation in part 1 for renaissance zone

1 reimbursements shall be made to each eligible recipient no later than
2 60 days after the department of treasury certifies to the state budget
3 director that it has received all necessary information to properly
4 determine the amounts due each eligible recipient under section 12 of
5 the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692.

6 **REPORTS AND AUDITS**

7 Sec. 501. The department of labor and economic growth shall publish
8 the activities classification structure data book for Michigan
9 community colleges on or before March 1, 2005, for use by the
10 legislature during budget development for the fiscal year ending
11 September 30, 2006.

12 Sec. 502. (1) The auditor general or an independent public
13 accounting firm appointed by the auditor general shall audit data for
14 the fiscal year ending on June 30, 2004, as submitted to the department
15 of labor and economic growth by 7 randomly selected community colleges.
16 A community college shall maintain and provide those records necessary
17 for the auditor general or certified public accountant appointed by the
18 auditor general to determine the accuracy of the reported data. The
19 audits shall be based upon the definitions and requirements contained in
20 the 2001 Manual for Uniform Financial Reporting, Michigan Public
21 Community Colleges and the 2003 Activities Classification Structure
22 Manual for Michigan Community Colleges. Before the submission of a
23 final audit report, a community college may appeal the findings of the
24 preliminary report under an appeal process to be established by the
25 auditor general. The auditor general shall submit a report of the
26 findings to the house and senate appropriations committees, the
27 department of labor and economic growth, and the state budget director

1 before June 1, 2005.

2 (2) The auditor general or a certified public accountant
3 appointed by the auditor general may conduct performance audits of
4 community colleges as the auditor general considers necessary.

5 (3) Not more than 60 days after an audit report is released by
6 the office of the auditor general, the principal executive officer of
7 the community college that was audited shall submit to the house and
8 senate appropriations committees, the house and senate fiscal agencies,
9 the department of labor and economic growth, the auditor general, and
10 the state budget director a plan to comply with audit recommendations.
11 The plan shall contain projected dates and resources required, if any,
12 to achieve compliance with the audit recommendations, or a documented
13 explanation of the college's noncompliance with the audit
14 recommendations concerning the matters on which the audited community
15 college and office of the auditor general disagree.

16 Sec. 503. The department of labor and economic growth shall review
17 the taxonomy of the 7 community colleges selected for the audit under
18 section 502 that is based on the 2003 Activities Classification
19 Structure Manual for Michigan Community Colleges.

20 Sec. 504. (1) A community college shall retain certified class
21 summaries, class lists, registration documents, and student transcripts
22 that are consistent with the taxonomy of courses. For each enrollment
23 period during the fiscal year, these certified documents shall identify
24 clearly by course the number of in-district and out-of-district student
25 credit and contact hours. The class summaries and class lists shall be
26 consistent with each other and shall include the course prefix and
27 numbers, course title, course credit and contact hours, credit and

1 contact hours generated by each student, and activity classifications
2 consistent with the taxonomy. An auditable process shall be used by the
3 community college to determine the unduplicated head count for in-
4 district students, out-of-district students, and prisoners for each
5 enrollment period during 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. 505. 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 members of
14 the senate and house appropriations subcommittees on community colleges,
15 the senate and house fiscal agencies, the auditor general, the
16 department of labor and economic growth, and the state budget director
17 before November 15, 2004. If a community college fails to furnish the
18 audit materials, the monthly state aid installments shall be withheld
19 from that college until the information is submitted. All reporting
20 shall conform to the requirements set forth in the 2001 Manual for
21 Uniform Financial Reporting, Michigan Public Community Colleges.

22 Sec. 506. (1) Each community college shall report the following to
23 the department of labor and economic growth, no later than November 1,
24 2004:

25 (a) The number of North American Indian students enrolled each
26 term for the previous fiscal year, using guidelines and procedures
27 developed by the department of labor and economic growth.

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

3 (2) Colleges shall use the criteria cited in 1976 PA 174, MCL
4 390.1251 to 390.1253, to determine eligibility for tuition waivers, and
5 shall grant those waivers to individuals who meet the criteria and
6 request tuition waivers.

7 (3) The department of labor and economic growth shall compile the
8 information received under subsection (1) and shall submit this
9 compilation to the house and senate appropriations subcommittees on
10 community colleges, the senate and house fiscal agencies, and the state
11 budget director by January 7, 2005.

12 Sec. 507. Upon request, a community college shall inform interested
13 Michigan high schools of the aggregate academic status of its students
14 for the prior academic year, in a manner prescribed by the Michigan
15 community college association and in cooperation with the Michigan
16 association of secondary school principals.

17 Sec. 508. (1) Each community college shall report to the house and
18 senate fiscal agencies, the state budget director, and the department of
19 labor and economic growth by August 31, 2004, the tuition and mandatory
20 fee rates paid by a full-time in-district student and a full-time out-
21 of-district student as established by the college governing board for
22 the 2004-2005 academic year. Each community college shall also report
23 any revisions to the reported 2004-2005 academic year tuition and
24 mandatory fee rates adopted by the college governing board to the house
25 and senate fiscal agencies, the state budget director, and the
26 department of labor and economic growth within 15 days of being adopted.

27 (2) The department of labor and economic growth shall prepare and

1 provide to community colleges a standard format for reporting tuition
2 and fee rates pursuant to subsection (1).

3 Sec. 509. (1) Each community college shall report to the department
4 of labor and economic growth the numbers and type of associate degrees
5 and other certificates awarded during the previous fiscal year. The
6 report shall be made not later than November 15, 2004.

7 (2) The department of labor and economic growth shall compile the
8 information received under subsection (1) and shall submit this
9 compilation to the house and senate appropriations subcommittees on
10 community colleges, the senate and house fiscal agencies, and the state
11 budget director by January 7, 2005.

12 Sec. 510. A community college receiving funding under this bill and
13 also subject to the student right-to-know and campus security act,
14 Public Law 101-542, 104 Stat. 2381, shall make a copy of all material
15 prepared in accordance with the public information reporting
16 requirements under the crime awareness and campus security act of 1990,
17 title II of the student right-to-know and campus security act, Public
18 Law 101-542, 104 Stat. 2384, available in hard copy and electronic
19 format accessible through the Internet for school districts, parents,
20 and students.

21 Sec. 511. (1) The frequency and scope of on-site visits,
22 evaluations, audits, and similar activities shall be limited to that
23 which is reasonably necessary to monitor the performance of community
24 colleges and confirm the accuracy of reported data. On-site visits,
25 evaluations, audits, and similar activities conducted to comply with the
26 state plan approved by the United States department of education under
27 the Perkins act shall be limited to those necessary to meet the

1 requirements of the state plan.

2 (2) In developing and implementing audit and reporting
3 requirements, including those included in current and proposed state
4 plans under the Perkins act, the department of labor and economic growth
5 shall consult with community colleges, the legislative auditor general,
6 and independent auditors in an effort to coordinate activities and
7 minimize duplication of audit and reporting requirements imposed on
8 community colleges.

9 (3) At least 30 days before submission of a new state plan to the
10 United States department of education for approval under the Perkins
11 act, the department of labor and economic growth shall provide copies of
12 the proposed plan to the members of the senate and house appropriations
13 subcommittees on community colleges for their review and comment.
14 Copies of the proposed plan shall be provided to the senate and house
15 fiscal agencies and the state budget director at the same time that they
16 are provided to the senate and house subcommittees.

17 (4) The Perkins grant application process and content shall be
18 streamlined to the extent possible.

19 (5) As used in this section, "Perkins act" means the Carl D.
20 Perkins vocational and applied technology education act, Public Law 88-
21 210, 98 Stat. 2435.